



City of Atlanta
Turnaround Plan 2002
(TAP2002)
Version Zero

July 9, 2002

A Project of

Mayor Shirley Franklin's Administration
in conjunction with
Bain & Company Pro Bono Project
Turnaround Plan Development Support

IMPORTANT NOTES

Overview

Turnaround plans, by definition and design, are living and ever-changing documents. As new information becomes available, modifications to priorities and activities must be made. As such, this document represents the City of Atlanta Turnaround Plan as of July 2002.

This document contains two basic types of materials:

- 1) Research, analysis and benchmarking conducted by Bain & Company to assist City of Atlanta officials in performing work and developing initiatives
- 2) **Documentation** of work and initiatives from City of Atlanta officials (e.g., the turnaround plan content)

Research and analysis conducted by Bain is sourced and marked as "Bain analysis/research." All other items (e.g., objectives of the turnaround) are the result of City of Atlanta officials' input and work.

Version 0 definition

This document contains Version 0 of the plan. That is, it is the first consolidation of the Executive Branch's assessment of the critical priorities for the City of Atlanta and the steps required to improve in these areas. Some pages of the document are incomplete, pending the appointment of new officials. As these officials are appointed and confirmed, updates to the plan will be made.

Contact information

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1. INTRODUCTION

This document contains eight sections regarding the activities and projects necessary to “turnaround” the City of Atlanta. The document begins with this review of contents. Following is a description of the project and the work undertaken as a result.

The third section of the report is a definition of a turnaround plan and its key features.

The fourth and fifth sections provide the core content with regard to the plan itself. Section four provides an executive summary and overview including the sequencing of projects and key objective metrics. Section five details the plan, including background information and the specific work activities for each of the critical priorities.

Section six describes an approach to monitor progress against the plan and section seven provides supporting documentation to the turnaround plan.

The report concludes with an overview of Bain & Company.

2. PROJECT DESCRIPTION

Project background

To help the City of Atlanta develop a turnaround plan, Bain & Company, a global strategy and business consulting firm, offered to continue its pro bono support to the City of Atlanta in March 2002. The research and analysis offered by Bain & Company was consistent with its mission over the past 28 years to help organizations achieve lasting and sustainable improvements in profitability, efficiency and effectiveness.

As part of Bain & Company's pro bono commitment to the City, the firm has agreed neither to solicit nor accept paid work from the City for the duration of Mayor Shirley Franklin's term(s) as mayor.

Project objectives and deliverables

The turnaround plan development project had two primary objectives:

- Assist the City in establishing a three-year turnaround plan describing various initiatives, their timing, their cost and their expected benefit
- Assist the City in developing additional project or operational management mechanisms to implement the plan and/or improve the operating efficiency of City government (e.g., operational steering committee, metrics, targets, management dashboard)

The deliverables for these objectives are included in this report.

Following development of the turnaround plan, Bain has agreed to provide continuing assistance to the City of Atlanta through January 1, 2005. The objectives of this assistance will be to:

- Provide on-going senior level project guidance to assist the City in achieving its turnaround goals
- Proactively identify areas where full or partial Bain project team support would be valued and provide that support as mutually agreed upon (e.g., 2003 budget development)

Subsequent deliverables will be completed and made available through January 1, 2005.

Project methodology

The team focused on six primary activities to develop the content of this report.

First, the team met with the Mayor and her senior staff to gather their perspectives on the most critical issues and challenges facing the City of Atlanta.

Second, the team both briefed and solicited input from several individual City Council members on their high-level turnaround priorities.

Third, the team built a fact base of data specifically related to the City of Atlanta. This included interviewing over seventy City employees on various functional subjects and performing quantitative analyses. The contents of that fact base are included in this document.

Fourth, the team identified the “best practices” of other cities and made comparisons to the City of Atlanta. Where possible, the team interviewed representatives from these cities to understand the details of the practices.

Fifth, this research was supplemented by the review of literature and academic studies on key subjects. Again, interviews were conducted when possible.

Finally, the Bain team discussed the above information in multiple sessions with Executive Branch officials. These officials, led by the Mayor as Chief of the Executive Branch, then used this information, in combination with their expertise, to create the turnaround plan objectives, timing, metrics, accountabilities, details, etc. as herein documented by Bain (Sections 4 and 5).

3. DEFINITION OF A TURNAROUND PLAN

Successful turnaround efforts begin with a vision for what the organization wants to accomplish. This “end state” vision provides the guidance for the rest of the plan.

The vision is supported by a series of strategies that lay out what the organization needs to accomplish to achieve the vision. These strategies provide the high-level approach to the turnaround effort.

Vision and strategy are not sufficient to “turnaround” an organization though. In addition, there are four components that are essential to drive results:

- An identification of critical priorities to affect change
- A listing of specific action imperatives to undertake
- Metrics, targets and accountabilities to track the change (i.e., a definition of “victory” and who will be held responsible for accomplishing it)
- Rigorous follow-up on all required actions and metrics to ensure progress (execution)

Figure 3-1 illustrates the relationships of these elements.

Figure 3-1: Vision and strategy drive execution

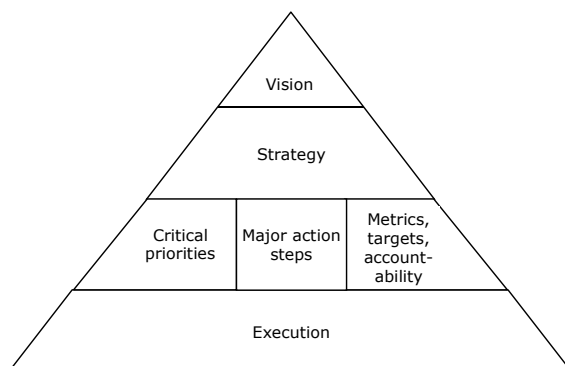
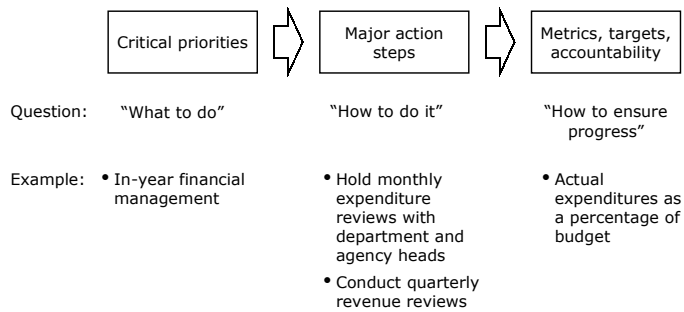


Figure 3-2 further illustrates the concepts of critical priorities, action imperatives and metrics, targets and accountability. The City of Atlanta turnaround plan has been developed to address each of these components.

Figure 3-2: Components of turnaround plan



As it relates to the City of Atlanta’s critical priorities, the list may include modifications to current activities, plans for new activities and direction to cease current activities. Furthermore, the turnaround plan identifies the level of incremental effort applied to priorities to achieve the goals, not the level of effort applied to the area on a day-to-day basis. The turnaround plan identifies the additional resources that the City will apply to critical priorities.

4. CITY OF ATLANTA TURNAROUND PLAN

Executive summary

The City of Atlanta faces a difficult fiscal and operating situation. On fiscal matters, while the City has passed its 2002 Budget, significant challenges remain in managing costs, anticipating and monitoring revenue, restoring the City's reserve and creating future multi-year budgets. On operating matters, a number of areas of City government do not appear to have reached optimal levels of cost, efficiency or service. In sum, the City of Atlanta faces a substantial effort over several years to "turnaround" finances and operations to become a "best-in-class" managed city.

The turnaround plan for the City of Atlanta begins with the vision of restoring city government and becoming a best-in-class managed city. Each of the words in the phrase "best-in-class managed" is important. The words imply that the City will become best-in-class at utilizing (i.e., managing) its resources as well as providing services to its citizens.

Given the City of Atlanta's situation, four strategies need to be undertaken to support the vision:

- Return to financial stability
- Improve efficiency and effectiveness
- Ensure public safety
- Rebuild infrastructure

On each of these dimensions, the City of Atlanta lags desired performance and needs to improve through multiple projects and efforts. Figure 4-1 describes this overall structure. The four priorities are subsequently described in this section.

Figure 4-1: Turn-around plan 2002 (TAP2002)



Return to financial stability

As has been widely discussed, the City of Atlanta began 2002 in a difficult financial situation. Coming into 2002, the City's General Fund had -\$7M of funds available. General Fund reserves had been fully used. The recently created Sanitary Services Fund was found to be financially insolvent and in need of restructuring. As a result of this situation, the City's bond rating, as measured by Standard and Poor's, declined from "AA" to "AA-" just as the City is undertaking major capital projects such as the Hartsfield Airport expansion.

Restoring financial stability requires substantial near- and long-term effort. As was discussed in Bain & Company's previous report (2002 Budget Analysis and Benchmarking), numerous changes to the City's budget development process and financial monitoring must be made to ensure progress.

Improve efficiency and effectiveness

One way to measure government efficiency is how cost- and resource-effective its operations are. Compared to the average of other similar municipalities, the City of Atlanta spent 2 to 4% more per capita for common services. A workforce that is 21 to 37% larger per 100K residents than the average for comparable cities delivered these common services. These comparisons were made using the most recently available data and prior to the adoption of the 2002 budget. Based on these metrics, the City of Atlanta has clear room for efficiency gains.

Beyond efficiency, there appears to be opportunity to improve the effectiveness of City of Atlanta's services. The 1995 Satisfaction with Atlanta's Municipal Services Survey (most recent conducted, by Georgia State University) found that 30% of respondents believed service delivery comes either slowly or very slowly.

Improving efficiency and effectiveness requires a multi-pronged effort. At least four dimensions must be addressed:

- Employing sufficient qualified personnel
- Supporting personnel with strong processes and tools
- Providing the right structure for their efforts
- Monitoring results and taking corrective action when necessary (part of performance management)

Each of these dimensions is addressed as part of the City of Atlanta's proposed turnaround plan.

Ensure public safety

Safety is clearly one of the results that citizens expect their municipalities to deliver. Public safety departments are common touch-points for City of Atlanta residents. One-third of the respondents to the 1995 Satisfaction with Atlanta's Municipal Services Survey reported calling the Atlanta Police Department about a problem over the year. Recent world events have increased even further the demands on public safety agencies.

Efforts to improve Atlanta's public safety have been included in the proposed turnaround plan. The near-term areas of focus include the critical departments of Police, Fire and Corrections. There also is priority on improving the City's emergency management / homeland security plans.

Rebuild infrastructure

The City of Atlanta has undertaken or is in the process of undertaking key projects to provide necessary infrastructure improvements for its citizens in the 21st century. These elements of infrastructure will enable the City to provide clean air and water and sufficient greenspace, improve transportation options (including the airport) and generally enhance the quality of life for its citizens.

To be considered a best-in-class managed city, Atlanta clearly needs to execute on these infrastructure projects in a timely fashion. In addition, Atlanta must be fiscally responsible in its efforts. As such, these key projects have been included in the proposed turnaround plan.

Combined, these four strategies comprise the City's of Atlanta's turnaround plan beginning in 2002. This plan will be referred to as TAP2002.

TAP2002

While the City of Atlanta faces many challenging situations, ultimately it is important to narrow the list of potential priorities to those that are most critical.

Through the course of interviews and discussions, both elected and appointed City officials identified twenty-nine priorities for the City of Atlanta to turnaround and become a best-in-class managed city. Bain has hereafter documented those priorities.

Financial stability

Critical priority	Description
Budget process	The City's budget process needs to be revamped to ensure greater accuracy, result in additional managerial and operational content and conclude earlier in the fiscal year. These changes will help the City to better manage its budgets.
In-year financial management	After development of the City's budgets, updated processes are needed to monitor and track progress against those budgets.
Sanitary Services finances	The City's Sanitary Services expenditures are significantly higher than revenues. Additional and substantial changes must be made to ensure the solvency of the fund.
Real property management and asset sales	For various purposes, the City of Atlanta owns many pieces of property. Those properties must be inventoried and evaluated against a master plan to determine their future use and identify any potential sales or revenue sources.
2002 revenue initiatives	As part of the 2002 General Fund budget development process, several revenue initiatives were identified. Implementing those revenue initiatives will improve the City's financial condition.
Collections	In some of its funds, the City is owed money. A rigorous collection process is necessary, as potentially are changes to the billing and recovery processes going forward.
Revenue optimization	To meet its financial responsibilities, the City of Atlanta may want to modify its level and mix of revenue sources.
Economic development	The City of Atlanta expands its future tax base by encouraging economic development in the City. Programs and policies could be put in place to encourage development.

Efficiency and effectiveness

Critical priority	Description
Talent acquisition and retention	Changes may be required to attract and retain the people necessary to achieve a best-in-class managed City.
Process reviews (human resources, procurement, information technology and customer service)	Across departments and functions, these current processes may be constraining the ability to efficiently and effectively deliver top-quality services to citizens. These process reviews were funded through the Metro Atlanta Chamber of Commerce.
Management dashboard	The development of this management tool will improve the ability to convey information, drive accountability, and increase visibility of the City's performance.
Service choices	The City may be performing some services that would be better performed and funded by other organizations or not performed at all. A thorough review of service provision would sort through and identify any potential changes.
Service consolidation	The City may be able to combine the provision of services with other municipalities and counties. An evaluation of potential opportunities is needed.
Marketization / outsourcing	In some cities, marketization and outsourcing of certain governmental functions have been effective methods to improve efficiency. Atlanta may consider additional opportunities in this area.
Departmental reorganization, communication and accountability	The City's current organizational structure may not be optimal. Changing the organization could improve communication and accountability.

Public safety

Critical priority	Description
Department and agency reviews	There may be opportunities to improve the services offered by key departments such as Police, Fire and Corrections.
Consolidated homeland security and emergency management plan	Given recent world events, maintaining security and emergency plans is obviously critical. Updates to current plans are underway and need to be finished. Plans will need to be continuously refreshed for new threats.
Coordination across public safety departments and agencies	Making changes to one activity within public safety has impacts elsewhere. As department and agency modifications are made, the impact of these on other organizations must be determined and addressed.

Infrastructure

Critical priority	Description
Sewer consent decree	The City of Atlanta is under a decree to address issues critical to its sewer system. The projects planned under the decree run through 2014.
Hartsfield expansion	A major expansion of Hartsfield International Airport is underway.
Solid waste landfill	The City of Atlanta does not have sufficient available future landfill capacity. A plan must be developed.
Quality of life bonds	Projects utilizing funds from the bonds have been approved, and these projects need to be successfully completed.
Housing	Multiple areas of housing policy and programs need to be addressed to enforce existing codes, ensure affordable units and address homelessness.
Multi-modal development	The City is interested in encouraging and supporting the development of a multi-modal facility. Continued planning and coordination are underway.
Roads and traffic systems	The City has under-invested in its roads, and additional projects may be necessary.

Stormwater utility	Different funding sources and infrastructure may be required for the City to deal with stormwater run-off.
Parks and greenspace	The City trails other municipalities in available parkland. A comprehensive plan is needed.
Water system	The City's water system requires continued maintenance.
Information technology	Several key areas of the City's technology infrastructure need to be upgraded. Doing so would increase the efficiency of certain activities.

Potential timing

Although each of the previously defined areas is critical to the turnaround of the City of Atlanta, it is not possible to undertake them simultaneously. Available resources and management time suggest that a certain amount of staging is necessary. Figure 4-2 describes the proposed sequencing of projects within the turnaround plan. It should be noted that some of the areas slated to start after 2002 (e.g., marketization / outsourcing, service consolidation) have been undertaken in specific instances in 2002.

Figure 4-2: Potential timing

	Financial stability	Efficiency and effectiveness	Public safety	Infrastructure
Start in 2002:	<ul style="list-style-type: none"> Budget process In-year financial management Sanitary services finances Real property management and asset sales 2002 revenue initiatives Collections 	<ul style="list-style-type: none"> Talent acquisition and retention Process reviews <ul style="list-style-type: none"> Human resources Procurement Information technology Customer service Management dashboard 	<ul style="list-style-type: none"> Departments and agencies <ul style="list-style-type: none"> Police Fire Corrections Operational upgrades Consolidated homeland security and emergency management 	<ul style="list-style-type: none"> Sewer consent decree Hartsfield expansion Solid waste landfill Quality of life bonds Housing <ul style="list-style-type: none"> Code enforcement Workforce units (AHA) Homelessness Multi-modal development
Start after 2002:	<ul style="list-style-type: none"> Revenue optimization Economic development 	<ul style="list-style-type: none"> Service choices Service consolidation* Marketization / outsourcing* Departmental reorganization, communication and accountability 	<ul style="list-style-type: none"> Coordination across public safety departments 	<ul style="list-style-type: none"> Roads and traffic systems Stormwater utility Parks and greenspace Water system Information technology

* Opportunistic in 2002

A strong case could be made for beginning work in 2002 on any of the critical priorities currently slated to start after 2002. All of these will have tremendous benefits for the City of Atlanta and its citizens. With that said, strategy is about the allocation of scarce resources. The City cannot "do everything at once," and difficult decisions to defer projects must be made. For 2002, priority has been placed on ensuring the City's financial stability.

Varying effort over time

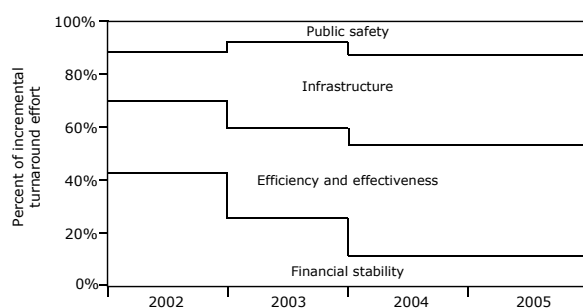
Each of the critical priorities will not receive the same level of effort over the course of TAP2002. Projects will start and finish, and certain projects will receive additional support in certain years.

A distinction should be made between the incremental effort applied to certain areas as part of TAP2002 and the on-going effort applied to day-to-day activities. TAP2002 is not intended to identify the resources applied to City services on any given day. Instead, it is intended to identify the incremental effort above normal daily functions necessary to change the way the City operates.

Figure 4-3 shows how the incremental effort applied to TAP2002 will vary over time. In 2002, much of the incremental effort is placed on financial stability priorities. In subsequent years, this effort diminishes as the City's financial condition should continue to improve. Efficiency and effectiveness receives greater effort beginning in 2003.

Although public safety is a top objective for the City (representing more than half the budget), the amount of incremental effort from the turnaround plan is lower than some other areas given the current quality and amount of resources dedicated already to this critical task.

Figure 4-3: Turnaround effort



To track progress against those critical priorities undertaken in 2002, Figure 4-4 and 4-5 were developed. These figures show when various activities will be completed and serve as important tools to monitor progress. Tracking tools in the same format will be developed for those initiatives that start after 2002 as those efforts near and available resources are identified.

Additionally, each owner of an initiative has developed (or will develop) more detailed descriptions of milestones, timing, etc.

Figure 4-4: Key milestones (June 2002 – November 2002)

<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>
<ul style="list-style-type: none"> Communicate updated process (budget process) Identify current scope of services (sanitary services finances) Complete interim reports (HR, IT and procurement process reviews) Complete initial Cabinet member training (EM / homeland security) Create management summary (sewer consent decree) Receive report from Workforce Housing Task Force (housing) 	<ul style="list-style-type: none"> Conduct training (budget process) Revise budget documents (budget process) Create catalogue of initiatives (2002 revenue initiatives) Formulate action plan (2002 revenue initiatives) Select collection agency (collections) Begin contacting delinquent accounts (collections) Complete final reports (HR, IT and procurement process reviews) Initiate project (customer service process review) Complete inventory of metrics (management dashboard) Begin Nancy Creek tunnel (sewer consent decree) Evaluate Workforce Housing report (housing) 	<ul style="list-style-type: none"> Determine final metrics (management dashboard) Conduct FBI training with Cabinet and emergency coordinators (EM / homeland security) Revise internal documents (budget process) Complete contract for design modifications (multi-modal development) Receive report from Parks and Greenspace Committee (2003 initiative on parks and greenspace) 	<ul style="list-style-type: none"> Submit departmental budgets for review (budget process) Create IT pamphlet and training program (in-year financial management) Communicate roles and responsibilities (in-year financial management) Execute cost study (sanitary services finances) Complete pilot program (real property management and asset sales) Evaluate pilot (real property management and asset sales) Pilot-test dashboard process and technology (management dashboard) Complete records retrieval and training action plan (corrections) Conduct quarterly "table-top" session (EM / homeland security) Finalize CSO design (sewer consent decree) Execute I-285 bridge construction contract (Hartsfield expansion) 	<ul style="list-style-type: none"> Finalize steps with United Water (collections) Implement changes (customer service process review) Launch dashboard (management dashboard) Transfer funds (multi-modal development) Transfer property (multi-modal development) 	<ul style="list-style-type: none"> Submit budget to City Council (budget process) Finalize plan for Sanitary Services billing (collections) Complete draft of plan (police services)

Figure 4-5: Key milestones (December 2002 – May 2003)

<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>
<ul style="list-style-type: none"> Pass tentative budgets (budget process) Complete rate study (sanitary services finances) Complete evaluation of marketization (sanitary services finances) Complete implementation (2002 revenue initiatives) Award food service vendor contract (corrections) Conduct quarterly "table-top" session (EM / homeland security) Conduct full scale functional exercise (EM / homeland security) Manage installation of Explosive Detection Equipment in CPTC (Hartsfield expansion) Define next phase (multi-modal development) 	<ul style="list-style-type: none"> Pass final budget (budget process) Complete records retrieval and training action plans (corrections) Complete sewer education program (sewer consent decree) 	<ul style="list-style-type: none"> Complete needs assessment (solid waste disposal) 		<ul style="list-style-type: none"> Complete citywide roll-out (real property management and asset sales) 	<ul style="list-style-type: none"> Obtain assessment for CONRAC (Hartsfield expansion) Obtain preferred alternative for CEELA from Airline Steering Committee (Hartsfield expansion)

Metrics and goals — definition of victory

To measure the progress achieved by TAP2002, metrics and goals for these areas need to be put in place. Of critical importance is measuring the results of the plans rather than just the activity of the plan. For example, it is more meaningful to show an improvement in budget accuracy than demonstrating that more hours were dedicated to preparing the budget.

For each of the four areas of TAP2002, preliminary high-level objectives have been determined. These are described below.

Figure 4-6: Financial stability metrics

Metric	Current value	Future value
• Expenditure to budget	• 107% (2001)	• 92% (including 5% General Fund reserve)
• Operating results	• Negative four of five years	• Positive four of five years (rolling years)
• Bond rating	• AA-	• AA (by 2004)
• Collections percentage	• Not tracked	• TBD

Figure 4-7: Efficiency and effectiveness metrics

Metric	Current value	Future value
• Expenditures per capita (General Fund)	• \$1135 (2001)	• \$1000 (2001 inflation-adjusted)
• Residents' rating of quality of services	• 87% good or very good (1995)	• TBD based on baseline from upcoming 2002 study
• Residents' rating of speed of services	• 30% slow or very slow	• 10% slow or very slow
• Unplanned attrition	• Not tracked	• 2%
• Employee satisfaction	• Not tracked	• TBD

Figure 4-8: Public safety metrics

Metric	Current value	Future value
• Part 1 crimes	• 52K (2000)	• 40K (average of benchmark cities)
• Part 1 crimes cleared percentage	• 22% (2000)	• 22% (Atlanta currently best of benchmark cities)
• Police response time (Priority 1)	• 4:05	• 3:53 (best time in past five years)
• Fire lost lives	• 14 (2001)	• 8
• Fire lost property	• \$13M (2001)	• \$9M
• Fire response time under five minutes	• 56%	• 60%

Figure 4-9: Infrastructure metrics

Metric	Current value	Future value
• On-time completion of major milestones	• Not tracked	• 90%
• Actual expenditures to budgeted expenditures	• Not tracked	• 0%
• Number of federal and state "incidents"	• 758	• 88 (2014)
• Miles repaved each year	• 16 (2001)	• 50

5. TURNAROUND PLAN DETAILS

Overview of section

This section of the document is broken into two parts. More complete descriptions of those critical priorities where action is undertaken in 2002 are provided first. Following those are initial descriptions of the priorities that receive action attention starting after 2002.

For each of the critical priorities (e.g., budget process), a high-level summary figure of key workplan items and milestones is included. In some cases, following that figure are additional figures further describing the rationale for the priority and the background for it. Each area of work (critical priority) will be supported not only by these summary plans but also by more detailed plans now being or already developed by individual owners. For example, over 75 pages of Gantt charts support the sewer consent decree priority.

Starting in 2002

Financial stability

Six key areas need to be addressed in 2002 to help the City regain financial stability. The first of these is an update to the City's budget process (Figure 5-1).

Figure 5-1: Budget process

Critical priority: Budget process		Owner(s): Rick Anderson									
Current status: In process		End date: January 2003									
Workplan (major action steps): <ul style="list-style-type: none">• Revise budget process and key dates• Review budget process with key stakeholders• Communicate revised budget process• Develop training materials on budget process• Conduct training sessions• Revise budget documents (to be filled out by departments during budget development)		Key milestones: <ul style="list-style-type: none">• Finalize budget process (May 2002)• Communicate budget process (June 2002)• Conduct training (July – August 2002)• Revise budget documents (July 2002)• Submit budgets for review (from departments (September 2002)• Submit budget to City Council (November 2002)• Pass tentative budget (December 2002)• Pass final budget (January 2003)									
		Critical issues and dependencies: <ul style="list-style-type: none">• Coordinate with changes to the in-year financial management process									
Percent of incremental turnaround effort: <table><tr><td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr><tr><td>10%</td><td>5%</td><td>3%</td><td>3%</td></tr></table>		2002	2003	2004	2005	10%	5%	3%	3%		
2002	2003	2004	2005								
10%	5%	3%	3%								

To identify potential modifications, the team compared Atlanta’s budget process to those of best-in-class cities. Figure 5-2 describes the selection methodology for the comparison.

Figure 5-2: Comparable cities selection process

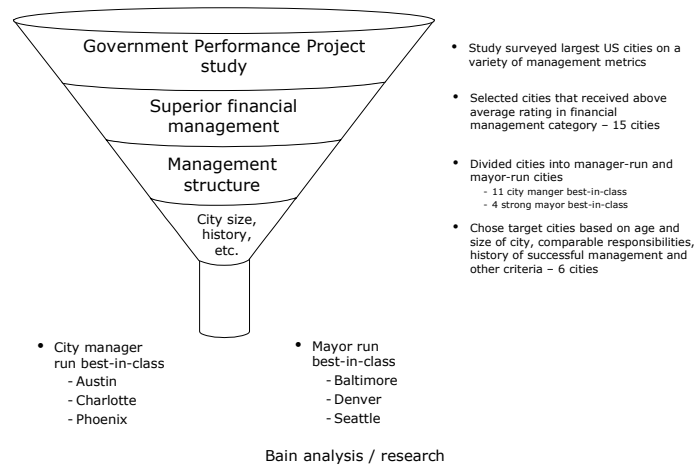


Figure 5-3 indicates the key points of differentiation between Atlanta and the comparison cities.

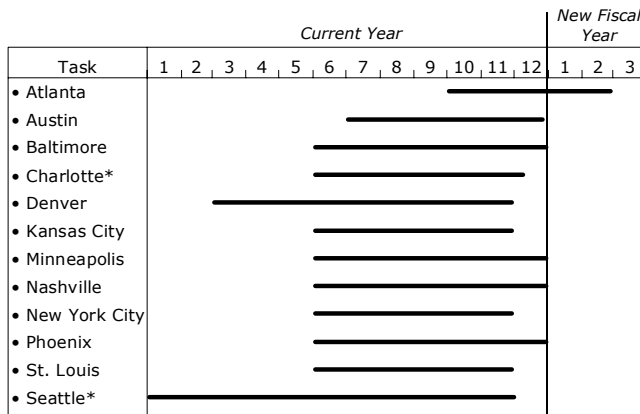
Figure 5-3: Budget process comparisons

	Atlanta	Best-in-class hybrid
Budget development	<ul style="list-style-type: none"> • Budget passed two months into fiscal year • Highly manual input system • No scenario plans for changing financial situation • No multi-year expense or non-statistical revenue forecasts 	<ul style="list-style-type: none"> • Budget passed before fiscal year commences • Automated, real-time, visible system • Robust scenario plans to react to changing financial condition • 3-5 year expenditure and revenue models including statistical and deterministic methods
Stability measures	<ul style="list-style-type: none"> • As of 2003, reserve will be 5% of General Fund 	<ul style="list-style-type: none"> • Legal mandates as to annual size of reserve (up to 14% of General Fund) • City Council vote to use reserves

Bain analysis / research

Of significant importance is the difference in budget calendars. Figure 5-4 shows that Atlanta starts later and finishes into its fiscal year, putting a portion of the year's finances at risk before the budget is adopted.

Figure 5-4: Budget timing



Note: * indicates a two-year budget

Bain analysis / research

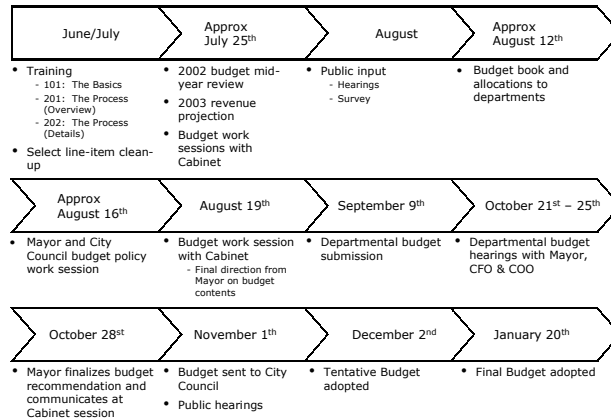
To understand what budget process improvements would be most helpful to City of Atlanta department and agency heads as well as to the budget staff, over twenty personnel were interviewed on the subject. The key findings of these interviews are shown in Figure 5-5.

Figure 5-5: Suggestions for improving the budget process

- Include performance data and output measures
- Provide additional vehicles to capture public input
- Include input sharing work sessions between the Mayor and both City Council and Cabinet
- Increase coordination between departments and budget analysts/finance department
- Improve accuracy of cost centers
- Increase communication after COO / CFO budget review
- Limit manual and redundant processes

Given all of the above information, Figure 5-6 indicates a proposed updated budget process.

Figure 5-6: Summary overview of new budget schedule



The updated budget process will result in multiple improvements, included those identified in Figure 5-7.

Figure 5-7: Improvements from new budget process

Issue	Resolution
<ul style="list-style-type: none"> • Participation 	<ul style="list-style-type: none"> • Hold additional public hearings • Receive input from Resident Panel • Conduct Mayor/City Council and Mayor/Cabinet work sessions
<ul style="list-style-type: none"> • Communication 	<ul style="list-style-type: none"> • Identify priorities up-front • Create more structured communication between Finance and departments
<ul style="list-style-type: none"> • Timing 	<ul style="list-style-type: none"> • Pass tentative budget prior to end of fiscal year to allow for 1Q budget accountability
<ul style="list-style-type: none"> • Content 	<ul style="list-style-type: none"> • Include operating metrics in budget submission to tie spending to objectives • Provide access to electronic forms • Ensure that line item budget numbers are accurate at the cost center level

To support the rollout of the new budget process, communication and training are required. Working with City of Atlanta staff, the Bain team has developed three "courses" (Figure 5-8). These budget courses will be conducted during June and July. The first programs, covering the basics of budgeting, were given to Finance and other department budget staff in June. The program received very positive feedback, and further courses will be offered in subsequent months.

Figure 5-8: Training modules and goals

	Budgeting 101 Budget Staffs	Budgeting 201 Department Heads	Budgeting 202 Budget Staffs
Curriculum:	<ul style="list-style-type: none"> • The basics of budgeting <ul style="list-style-type: none"> - Why budget, components, use as a management tool • How to budget <ul style="list-style-type: none"> - Tools and resources, critical success factors • Nuts and bolts of budgeting <ul style="list-style-type: none"> - Financial side, top down and bottom up, content, monitoring and evaluation 	<ul style="list-style-type: none"> • Overview of budget process changes and goals <ul style="list-style-type: none"> - New schedule/deadlines - New elements - Changes to process 	<ul style="list-style-type: none"> • Overview of budget process changes and goals • Specific details of the new budget process <ul style="list-style-type: none"> - Management metrics and measures - How to fill out specific forms, what to do about conflicts/confusion - Scenario planning
Goal:	<ul style="list-style-type: none"> • Give context of the budget • Provide tools and skills to budget staff • Gain common understanding of budget process and roles 	<ul style="list-style-type: none"> • Bring administration up to speed on new process • Identify important dates 	<ul style="list-style-type: none"> • Provide details of plans and expectations
Attendees:	<ul style="list-style-type: none"> • Departmental budget staff • Finance staff 	<ul style="list-style-type: none"> • Department heads 	<ul style="list-style-type: none"> • Departmental budget staff • Finance staff

Beyond modifying the budget process, it is critical that in-year processes and procedures be in place to allow the City's managers to achieve budget targets. Figure 5-9 describes this priority.

Figure 5-9: In-year financial management

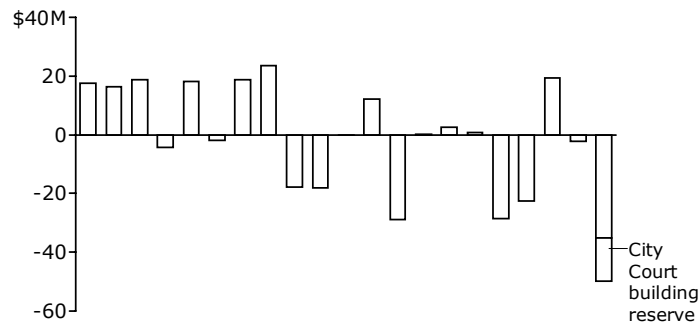
Critical priority: In-year financial management		Owner(s): Rick Anderson	
Current status: In process		End date: Early June 2002	
Workplan (major action steps): <ul style="list-style-type: none"> • Develop quarterly and mid-year financial review plans • Define roles and responsibilities for maintaining financial accuracy (Finance and individual departments) • Create IT training program detailing select MARS G capabilities to provide departmental and agency personnel with up-to-date, accurate information • Work with City Council to develop process to ensure the review of new ordinances with financial implications 		Key milestones: <ul style="list-style-type: none"> • Reinstitute quarterly and mid-year reviews (April 2002) • Create IT pamphlet and training program (September 2002) • Communicate roles and responsibilities (September 2002) 	
		Critical issues and dependencies: <ul style="list-style-type: none"> • Coordinate with redesign of budget process 	
Percent of incremental turnaround effort:			
2002	2003	2004	2005
8%	5%	5%	5%

The quarterly and mid-year reviews will provide the data necessary to hold department heads accountable for the financial operations of their areas of responsibility. Visibility to any deviation from the City's financial plans will be provided earlier than in past years.

Following the City's first quarter budget review, the CFO changed the City's finance control level to the line item level in cost centers. As such, departments cannot overspend any line item for any portion of their organization. This puts in place another mechanism to ensure that the City's budget is sufficiently managed.

Given the City's operating results (actual revenues minus actual expenditures, Figure 5-10) over the last few years, a rigorous process such as the one above is required.

Figure 5-10: Inflation adjusted operating results



Note: Includes City Court building reserve transfer (\$14.6M). Excludes Sanitation Services. Constant 2001 dollars.
Source: City of Atlanta Budgets (1981-2002); 2001 Financials
Bain analysis / research

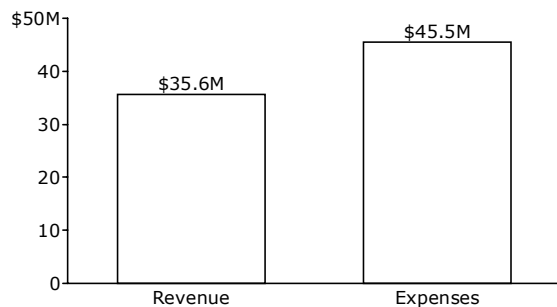
In 2001, the City created a separate fund for Sanitary Services. As it currently stands, this fund is not financially sound and must be modified in some way (Figure 5-11).

Figure 5-11: Sanitary services finances

Critical priority: Sanitary services finances		Owner(s): Gary Cox									
Current status: In process		End date: June 2003									
Workplan (major action steps): <ul style="list-style-type: none"> Identify current scope of services (all activities performed by bureau) For each activity, determine current costs and quantify each function performed Define future scope of services Evaluate potential for marketization Coordinate with Festival Service committee to ensure appropriate fees Perform rate study to determine appropriate billing structure and fees Roll-out new rates and service structure 		Key milestones: <ul style="list-style-type: none"> Complete current scope of services (June 2002) Execute cost study (September 2002) Complete evaluation of marketization (December 2002) Complete rate study (December 2002) Roll-out changes (June 2003) 									
Percent of incremental turnaround effort: <table> <tr> <td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr> <tr> <td>8%</td><td>5%</td><td>0%</td><td>0%</td></tr> </table>		2002	2003	2004	2005	8%	5%	0%	0%	Critical issues and dependencies: <ul style="list-style-type: none"> Collections project specifically targeting Sanitary Services is underway (critical to shore up current finances) 	
2002	2003	2004	2005								
8%	5%	0%	0%								

Figure 5-12 further describes the fund's financial condition.

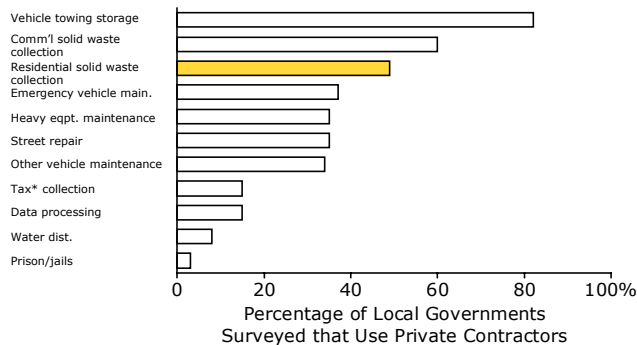
Figure 5-12: 2002 Sanitary Services finances



Source: City of Atlanta Department of Finance reports; Atlanta 2001 budget
Bain analysis / research

Many other cities have turned to private contractors to provide residential sanitation services (Figure 5-13), and Atlanta will consider such an action as part of its financial evaluation of the Sanitary Services fund.

Figure 5-13: Use of private contractors



*Delinquent tax collection
Note: Some services not applicable to all surveyed cities
Source: "Cities and Privatization: Prospects for the New Century" by Jeffrey Greene, 2001; ICMA Alternative Service Delivery Approaches Survey data from 1997, n=1586 (survey conducted every 5 years)
Bain analysis / research

As part of the 2002 budget process, several viable revenue initiatives for the City of Atlanta were identified. Figure 5-14 describes the process to pursue these.

Figure 5-14: 2002 revenue initiatives

Critical priority: 2002 revenue initiatives		Owner(s): Rick Anderson									
Current status: In process		End date: December 2002									
Workplan (major action steps): <ul style="list-style-type: none"> Identify revenue initiatives that should be pursued (catalogue) For each initiative, determine: <ul style="list-style-type: none"> -Status -Required approvals -Key steps -Timeline Create consolidated plan and assign responsibilities for tasks Monitor progress 		Key milestones (including dates): <ul style="list-style-type: none"> Finalize catalogue of initiatives (July 2002) Determine status of initiatives and develop action plan (July 2002) Complete implementation (December 2002) 									
Percent of incremental turnaround effort: <table> <tr> <td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr> <tr> <td>5%</td><td>0%</td><td>0%</td><td>0%</td></tr> </table>		2002	2003	2004	2005	5%	0%	0%	0%	Critical issues and dependencies:	
2002	2003	2004	2005								
5%	0%	0%	0%								

The City owns many parcels of land. Figure 5-15 describes a process to consider the use of that land.

Figure 5-15: Real property management and asset sales

Critical priority: Real property management and asset sales		Owner(s): Rick Anderson Loaned executive (two months)									
Current status: In process		End date: April 2003									
Workplan (major action steps): <ul style="list-style-type: none"> For selected geographic area of City of Atlanta, develop database and strategic plan for City property (pilot program) Determine if process and activities should be expanded citywide If so, designate appropriate departments to roll-out Develop a formalized process to identify derelict properties and to determine appropriate actions related to the recording and collection of liens Based on findings, determine any City properties that should be sold or change their use 		Key milestones (including dates): <ul style="list-style-type: none"> Complete pilot program and post any identified properties for sale (September 2002) Evaluate pilot (September 2002) Complete citywide roll-out (April 2003) 									
Percent of incremental turnaround effort: <table> <tr> <td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr> <tr> <td>5%</td><td>3%</td><td>3%</td><td>0%</td></tr> </table>		2002	2003	2004	2005	5%	3%	3%	0%	Critical issues and dependencies:	
2002	2003	2004	2005								
5%	3%	3%	0%								

From various sources, the City of Atlanta is owed monies. Collecting these monies will improve the City's financial standing (Figure 5-16).

Figure 5-16: Collections

Critical priority: Collections		Owner(s): Rick Anderson Jennifer Fox	
Current status: In process		End date: TBD	
Workplan (major action steps): <ul style="list-style-type: none"> • Issue RFP for collection agency and choose vendor (primarily Sanitary Services) • Determine plan for Sanitary Services billing system and implement • Identify and contact delinquent accounts to encourage payment • Work with United Water to increase payment percentage • Agree on collection plan for public utility franchise fee (e.g., BellSouth) 		Key milestones (including dates): <ul style="list-style-type: none"> • Receive responses to RFP (primarily Sanitary Services) and make selection (July 2002) • Begin calling delinquent accounts (July 2002) • Finalize plan for Sanitary Services billing (November 2002) • Finalize action steps with United Water (October 2002) 	
		Critical issues and dependencies:	
Percent of incremental turnaround effort:			
2002	2003	2004	2005
5%	5%	2%	0%

Efficiency and effectiveness

Two major initiatives comprise the efficiency and effectiveness effort started in 2002. The first addresses the City's employment base, while the second group stems from four process reviews currently being performed to evaluate the effectiveness of internal City functions.

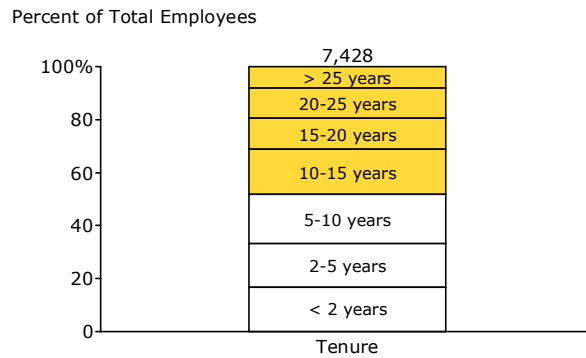
Ensuring that qualified, dedicated personnel are in place is critical to helping Atlanta reach its desired "best-in-class" managed status. Figure 5-17 shows the process for achieving this. The as yet unnamed COO of the City will own this priority, and he or she will further define the activities and milestones for this.

Figure 5-17: Talent acquisition and retention

Critical priority: Talent acquisition and retention		Owner(s): Chief Operating Officer	
Current status: In process		End date: December 2005	
Workplan (major action steps): <ul style="list-style-type: none"> • Appoint individuals to key positions • Review results of HR process review • Execute employee survey to understand critical issues • Perform salary comparison • Revise performance evaluation system • Implement programs 		Key milestones (including dates):	
		Critical issues and dependencies:	
Percent of incremental turnaround effort:			
2002	2003	2004	2005
5%	3%	3%	3%

Approximately one-half of the City's employees have been with the organization for greater than ten years (Figure 5-18).

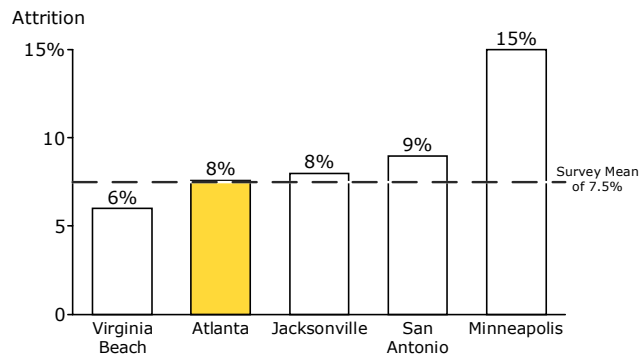
Figure 5-18: Employee tenure



Note: Includes all Benefits Employees from all funds
Source: Personnel Organization Rosters as of January 2002, Dept. of Personnel & HR
Bain analysis / research

The City's overall attrition is in line with that of comparable municipalities (Figure 5-19).

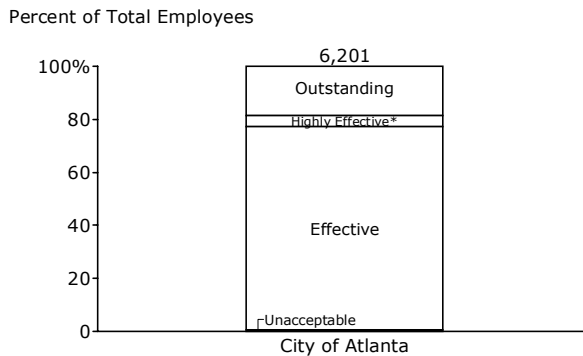
Figure 5-19: Employee attrition



Note: Atlanta timing for 2001, all other cities for 2000
Source: ICMA, Comparative Performance Measurement FY 2000 Report, n=113
Bain analysis / research

The City's current evaluation system may be modified to provide greater differentiation in performance. Currently, many personnel receive the same rating (Figure 5-20).

Figure 5-20: City of Atlanta performance evaluations



*Added as a rating in May 2001
Source: City of Atlanta

Bain analysis / research

Beyond putting in place talent to undertake the important functions of the City, several key processes are not functioning adequately. To this end, four process reviews have been undertaken. Findings and recommendations from these reviews will be provided separately (Figures 5-21, 5-22, 5-23 and 5-24). For further findings from the process reviews, please review to their interim and final reports.

Figure 5-21: HR process review

Critical priority: HR process review		Owner(s): David Edwards									
Current status: In process		End date: July 2002 for review December 2002 for implementation									
Workplan (major action steps): <ul style="list-style-type: none"> Review as-is processes Determine best practices Perform gap analysis and value opportunity assessment Determine to-be process design Develop business case Plan implementation Implement 		Key milestones (including dates): <ul style="list-style-type: none"> Issue interim report (June 2002) Issue final report (July 2002) 									
		Critical issues and dependencies:									
Percent of incremental turnaround effort: <table border="1"> <thead> <tr> <th>2002</th><th>2003</th><th>2004</th><th>2005</th></tr> </thead> <tbody> <tr> <td>5%</td><td>3%</td><td>3%</td><td>3%</td></tr> </tbody> </table>		2002	2003	2004	2005	5%	3%	3%	3%		
2002	2003	2004	2005								
5%	3%	3%	3%								

Figure 5-22: IT process review

Critical priority: IT process review		Owner(s): David Edwards	
Current status: In process		End date: July 2002 for review December 2002 for implementation	
Workplan (major action steps): <ul style="list-style-type: none"> Review as-is processes Determine best practices Perform gap analysis and value opportunity assessment Determine to-be process design Develop business case Plan implementation Implement 		Key milestones (including dates): <ul style="list-style-type: none"> Issue interim report (June 2002) Issue final report (July 2002) 	
		Critical issues and dependencies:	
Percent of incremental turnaround effort:			
2002	2003	2004	2005
5%	3%	3%	3%

Figure 5-23: Procurement process review

Critical priority: Procurement process review		Owner(s): David Edwards	
Current status: In process		End date: July 2002 for review December 2002 for implementation	
Workplan (major action steps): <ul style="list-style-type: none"> Review as-is processes Determine best practices Perform gap analysis and value opportunity assessment Determine to-be process design Develop business case Plan implementation Implement 		Key milestones (including dates): <ul style="list-style-type: none"> Issue interim report (June 2002) Issue final report (July 2002) 	
		Critical issues and dependencies:	
Percent of incremental turnaround effort:			
2002	2003	2004	2005
5%	3%	3%	3%

Figure 5-24: Customer service process review

Critical priority: Customer service process review		Owner(s): David Edwards	
Current status: In process		End date: October 2002	
Workplan (major action steps): <p>Initiative one: customer service strategy</p> <ul style="list-style-type: none"> Develop customer service strategy Create call center and eCRM strategy <p>Initiative two: building permit process</p> <ul style="list-style-type: none"> Develop implementation plan for redesigned building permit process Identify process and technology requirements Develop change plan and implement 		Key milestones (including dates): <ul style="list-style-type: none"> Initiate project (July 2002) Implement changes (October 2002) 	
		Critical issues and dependencies:	
Percent of incremental turnaround effort:			
2002	2003	2004	2005
5%	3%	3%	3%

To enable the Mayor and other officials to monitor the key activities of the City and take corrective action when necessary, a simple, comprehensive “dashboard” is needed. Similar to the dashboard of an automobile, this will provide an overview of the important activities and metrics of the City (Figure 5-25).

Figure 5-25: Management dashboard

Critical priority: Management dashboard		Owner(s): David Edwards									
Current status: In process		End date: 2002									
Workplan (major action steps): <ul style="list-style-type: none"> • Inventory potential performance metrics for all departments <ul style="list-style-type: none"> – City management documents (Management Plan, old budgets, etc.) – Survey Cabinet members – Examine best practices • Work with departments to develop final lists based on key criteria <ul style="list-style-type: none"> – Importance to fulfilling objectives – Ease of collection – Level of interest to key stakeholders • Develop reporting approach processes • Identify technology requirements • Create review process/schedule • Update processes and technology as necessary 		Key milestones (including dates): <ul style="list-style-type: none"> • Inventory completed (July 2002) • Final measures (August 2002) • Process and technology pilots (September 2002) • Launch (October 2002) 									
Percent of incremental turnaround effort: <table> <tr> <td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr> <tr> <td>2%</td><td>2%</td><td>1%</td><td>1%</td></tr> </table>		2002	2003	2004	2005	2%	2%	1%	1%	Critical issues and dependencies: <ul style="list-style-type: none"> • Collection processes/management information systems • Identifying appropriate technology 	
2002	2003	2004	2005								
2%	2%	1%	1%								

Public safety

There are two categories of public safety critical priorities that should be started in 2002. First, the Police, Fire and Correction departments should begin revisions to their programs. Second, the City's consolidated homeland security and emergency management plan must be refined.

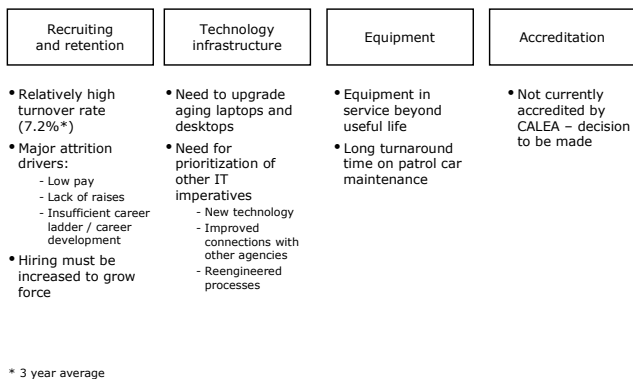
Within police services, Figure 5-26 proposes a process for review of currently identified key issues. After Chief Pennington takes office, it is expected that the process and issues list will be modified and updated.

Figure 5-26: Police services

Critical priority: Police services		Owner(s): Chief Pennington									
Current status: In process		End date: TBD									
Workplan (major action steps): <ul style="list-style-type: none"> Evaluate recruiting efforts <ul style="list-style-type: none"> - Develop headcount targets - Update recruiting strategy accordingly Develop plan to address attrition <ul style="list-style-type: none"> - Understand drivers of attrition - Conduct salary / benefits study - Develop / update career ladder Upgrade equipment and technology <ul style="list-style-type: none"> - Prioritize equipment to be replaced - Develop strategic IT plan Hire officers to fill current airport vacancies Develop employee feedback system Decide if accreditation is a goal and pursue accordingly Plan for additional officers after completion of new international airport terminal 		Key milestones (including dates): <ul style="list-style-type: none"> Draft of police services plan (November 2002) 									
Percent of incremental turnaround effort: <table> <tr> <td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr> <tr> <td>2%</td><td>2%</td><td>4%</td><td>5%</td></tr> </table>		2002	2003	2004	2005	2%	2%	4%	5%	Critical issues and dependencies:	
2002	2003	2004	2005								
2%	2%	4%	5%								

The diagnosis of key problems is the result of interviews and recommendations made by existing law enforcement personnel and other City officials. Chief Pennington will add to and modify this list. While Figure 5-27 should not be considered exhaustive, it does identify the most commonly described issues.

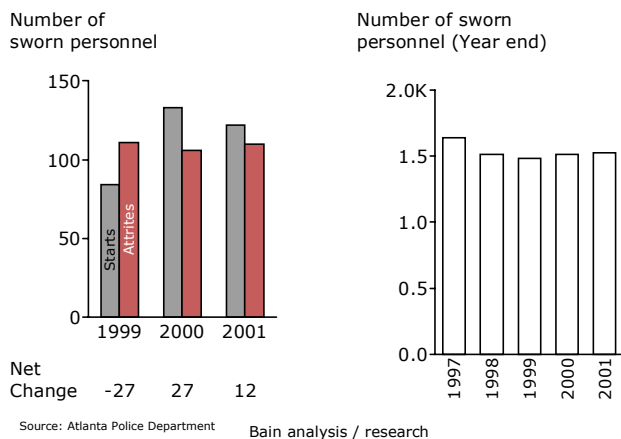
Figure 5-27: Interviews identified several key issues facing the APD



Each of the issues identified in Figure 5-27 has been further studied. The results of those analyses follow.

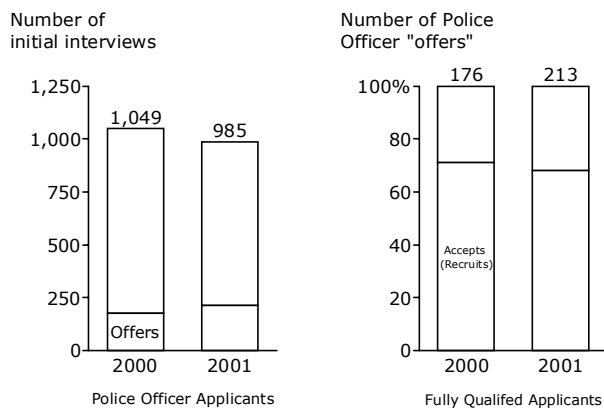
The number of sworn personnel has remained relatively constant since 1997 (Figure 5-28).

Figure 5-28: APD recruiting and attrition



More than one-half of those offered positions accept their offers (Figure 5-29).

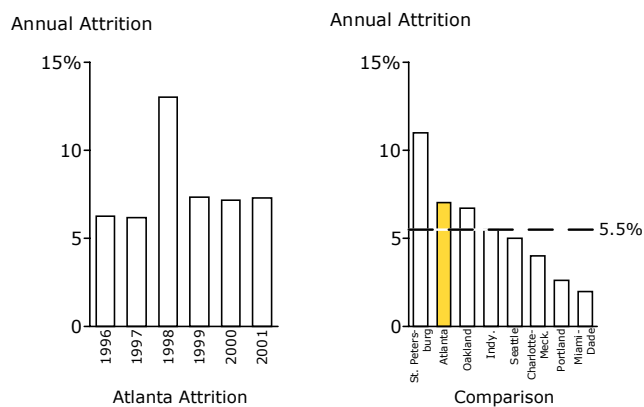
Figure 5-29: APD recruiting results



Source: Atlanta Police Department Bain analysis / research

As shown in Figure 5-30, Atlanta's annual attrition in the Police Department is slightly higher than that of similar municipalities.

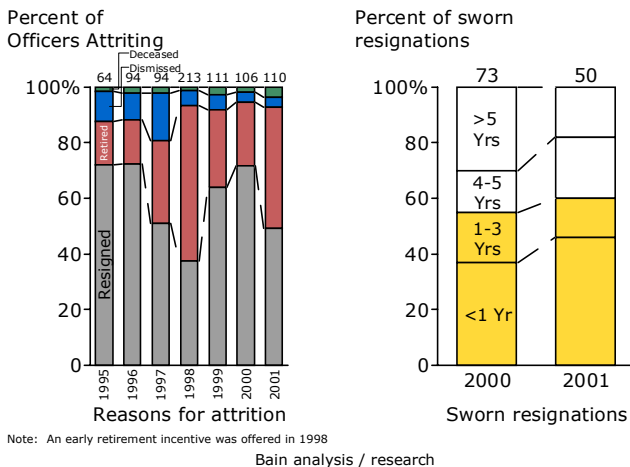
Figure 5-30: APD attrition levels



Note: An early retirement incentive was offered in 1998
Source: Atlanta Police Department, comparable Police Departments
Bain analysis / research

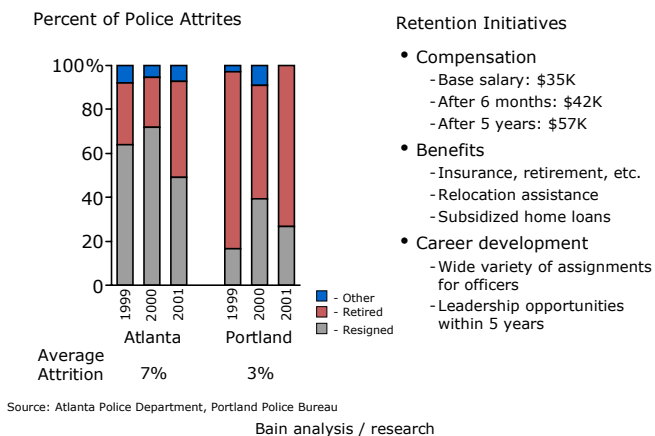
Most officers who leave the force do so in their first three years on the job and have resigned (Figure 5-31).

Figure 5-31: APD attrition drivers



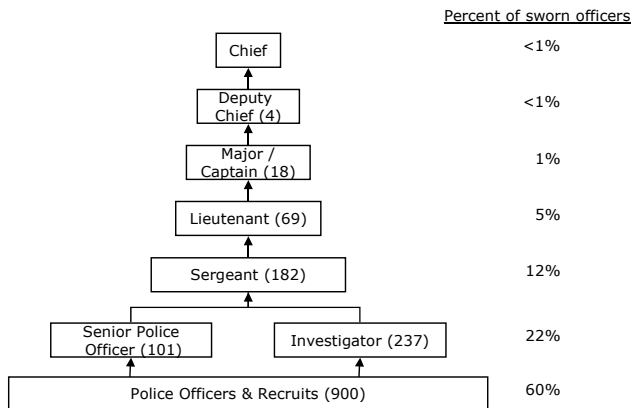
Portland, Oregon, has programs in place that improve retention (Figure 5-32).

Figure 5-32: Example retention initiatives (Portland Police)



City of Atlanta Police Department employees have identified the lack of a career path as one of the key retention issues. Figure 5-33 displays the relatively small portion of employees at each subsequent level of the organization.

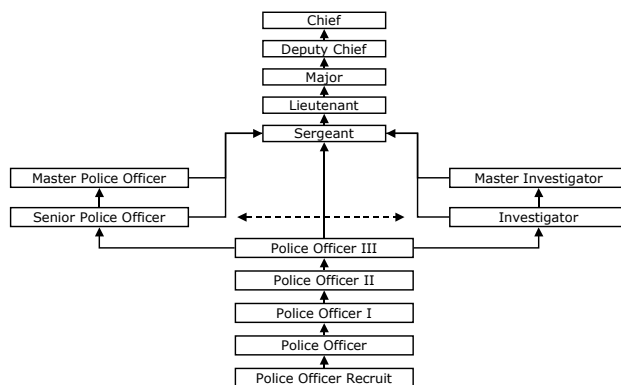
Figure 5-33: APD career path



Source: Atlanta Police Department

A more flexible career path (Figure 5-34) has been proposed.

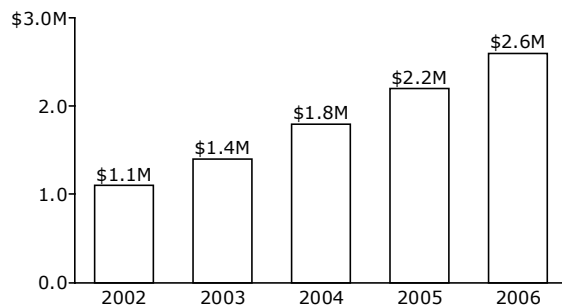
Figure 5-34: Proposed flexible career path for APD



Source: City of Atlanta Police Department Career Ladder Task Force

Such a career path would cost the City greater than \$1M annually in additional salaries and benefits (Figure 5-35).

Figure 5-35: Cost of flexible career path for APD



Source: City of Atlanta Police Department Career Ladder Task Force

One of the key technology priorities for the Atlanta Police Department is replacing outdated patrol car laptop computers. These computers were originally purchased as part of a grant, and funding does not appear currently available for their replacement under that grant. Other potential technology initiatives are also identified (Figure 5-36).

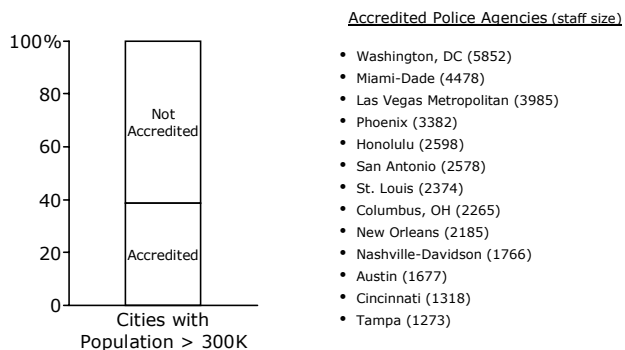
Figure 5-36: Varying priorities for police technology infrastructure investments

High	Medium	Low
<ul style="list-style-type: none"> • Replace patrol car laptops and desktops (\$1M per year) • Replace patrol car printers • Improve information sharing through CJIS with courts and corrections 	<ul style="list-style-type: none"> • Upgrade CJIS software • Automate work processes • Improve decision support tools 	<ul style="list-style-type: none"> • Improved information sharing with Fulton and DeKalb

Source: Management interviews

Currently, the Atlanta Police Department is not accredited. Figure 5-37 displays the portion of large municipalities who have accredited police departments.

Figure 5-37: Police department accreditation of large municipalities



Source: Commission on Accreditation for Law Enforcement Agencies
Bain analysis / research

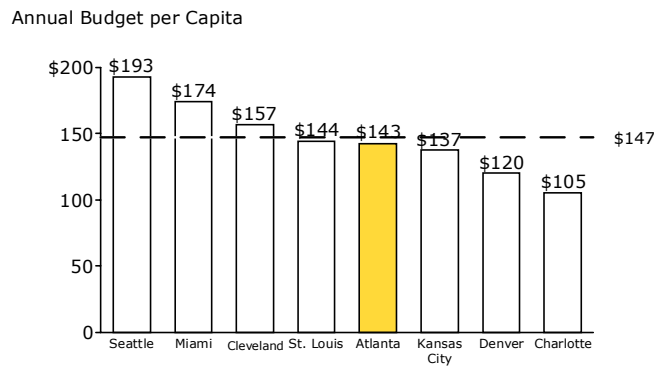
The Atlanta Fire Department also faces critical choices and challenges. Figure 5-38 describes the currently identified key issues and a process to evaluate those challenges.

Figure 5-38: Fire services

Critical priority: Fire services		Owner(s): Chief Minor									
Current status: In progress		End date: March 2007 (coincidental with certification timeline)									
Workplan (major action steps): <ul style="list-style-type: none">• Prioritize projects<ul style="list-style-type: none">- Increase number of firefighters- New training facility- Upgraded technology (mobile data units)- Officer candidate training (OCS)• Identify resources for priority projects• Execute projects based on funding<ul style="list-style-type: none">- Develop and execute revised recruiting plan for increased staffing- Continue to move training facility through planning process- Continue to develop OCS program- Procure and install mobile data units• Fill current airport vacancies• Plan for additional firemen after completion of new international airport terminal and runway		Key milestones (including dates): <ul style="list-style-type: none">• Following completion of requirements, receive accreditation (March 2007)									
		Critical issues and dependencies: <ul style="list-style-type: none">• Must obtain additional funding to execute workplan									
Percent of incremental turnaround effort: <table><tr><td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr><tr><td>2%</td><td>2%</td><td>4%</td><td>4%</td></tr></table>				2002	2003	2004	2005	2%	2%	4%	4%
2002	2003	2004	2005								
2%	2%	4%	4%								

As seen in Figure 5-39, Atlanta's fire budget is slightly lower than eight comparable cities.

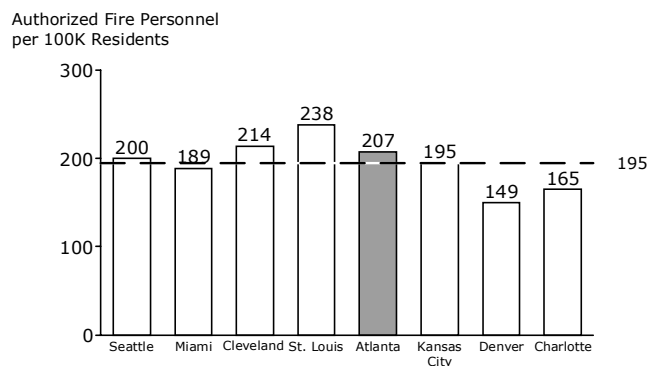
Figure 5-39: Fire department budget comparison



Note: Atlanta Hartsfield Int'l Airport Fire Service is excluded
Source: 2001 City Budgets, U.S. Census Bureau
Bain analysis / research

The AFD employs slightly more personnel per 100K residents than comparable cities (Figure 5-40).

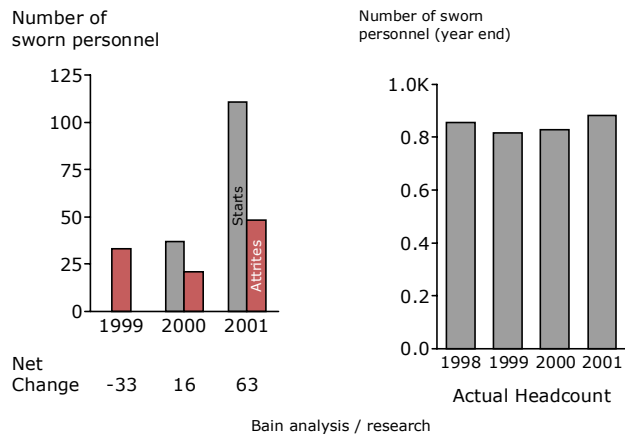
Figure 5-40: Fire department employment comparison



Note: Airport Fire Personnel are excluded
Source: 2001 City Budgets, U.S. Census Bureau
Bain analysis / research

AFD's headcount has remained nearly constant over the last few years (Figure 5-41).

Figure 5-41: AFD sworn headcount



Figures 5-42 and 5-43 show the AFD's attrition levels. It should be noted that these charts include attrition from those leaving the various municipalities during their training at fire academies.

Figure 5-42: AFD attrition comparison

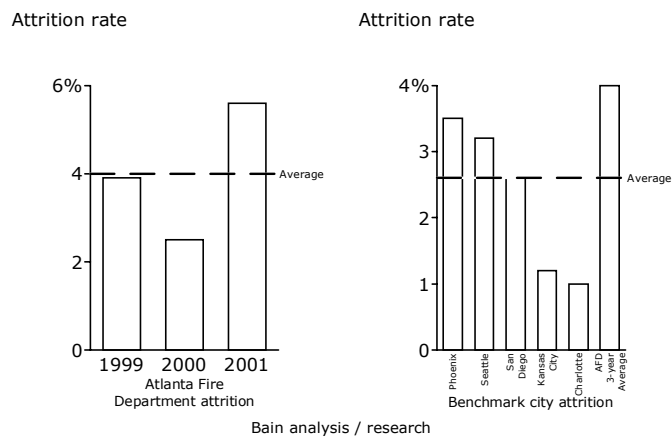
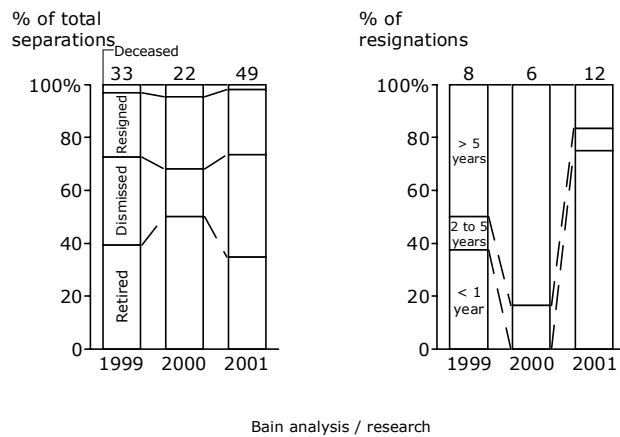


Figure 5-43: AFD reasons for attrition



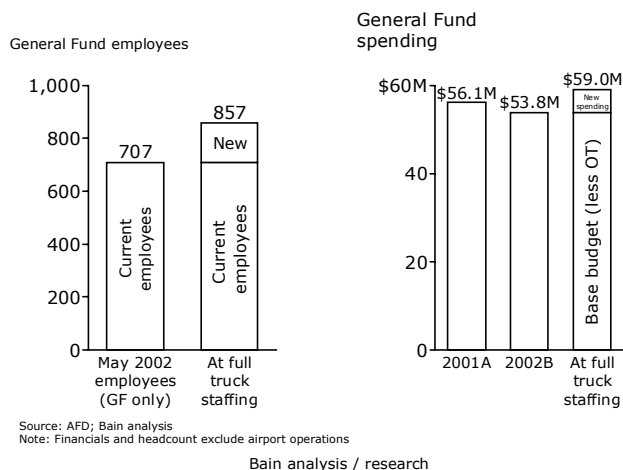
Similar to discussions with the Police Department, Figure 5-44 (AFD main issues) was developed based on the recommendations of Chief Minor, his staff and others in the AFD. The list is by no means complete, but it does highlight clear perceived issues. For each of these issues, further analysis follows.

Figure 5-44: Main AFD issues

Insufficient headcount	Training facilities	Officer training	Technology
<ul style="list-style-type: none"> AFD currently running three men per truck vs. four to avoid overtime Need to hire 150 + firefighters to staff without overtime 	<ul style="list-style-type: none"> Current facilities are limited <ul style="list-style-type: none"> Insufficient classroom space Out of date burn building (Class A only) No dedicated facilities for: <ul style="list-style-type: none"> confined space hazmat driver training New facility: at least \$25M to construct and equip 	<ul style="list-style-type: none"> Need for increased management and leadership skill training "Best-in-class" cities run accredited officer candidate schools AFD has developed preliminary program with local colleges; needs funding 	<ul style="list-style-type: none"> Lack resources to upgrade to current technology <ul style="list-style-type: none"> Mobile data units (\$1.2M for all trucks) Thermal scanners GPS based hydrant inspection

Currently, the AFD does not employ enough personnel to fully staff its equipment without overtime. Figure 5-45 estimates the current cost (\$5.2M annually) to hire additional personnel to reach full staffing.

Figure 5-45: Increased AFD staffing levels



Regarding training facilities, Atlanta's burn training capabilities, in particular, trail those of surrounding communities (Figure 5-46).

Figure 5-46: Fire department training facilities (local)

	Atlanta	Cobb	Fulton	Dekalb
Personnel:	• 862	• 605		• 600
Classroom facilities:	• Dedicated • Built in 1950	• Share with Cobb police • Built in 1996	• Shared with Fulton police	• Dedicated • Built in 1973
Drill tower:	• Yes - Built in 1952	• Yes	• Yes	• Yes
Burn-building:	• Yes - Built in 1952 - Class A only	• Two - 2nd facility at Dobbins - Class A & B	• Yes - Class A & B	• Yes - Class A only - Replacement in planning
Confined space facilities:	• No	• Yes	• Yes	• Yes
Driving course:	• No	• Yes	• Yes	• Yes

Bain analysis / research

Comparison to other large municipalities leads to the same conclusion (Figure 5-47).

Figure 5-47: Fire department training facilities (benchmarks)

	Atlanta	Kansas City	Charlotte	Miami-Dade	Phoenix
Personnel:	• 862	• 861	• 892	• 654	• 1654
Classroom facilities:	• Dedicated • Built in 1950	• Dedicated • 37 years old	• Shared with police • 26 years old • New facility in process (\$16M)	• No dedicated academy	• Shared with 20 neighboring cities • New facility planned for 2004
Drill tower:	• Yes - Built in 1952	• Yes	• Yes	• Yes	• Yes
Burn-building:	• Yes - Built in 1952 - Class A only	• Yes - Outdated	• Yes - Replacement in progress for \$2M	• Yes - Class A & B	• Yes - Multiple - Class A & B
Confined space facilities:	• No	• Yes	• Yes	• Yes	• Yes

Bain analysis / research

Atlanta's officer training program has room for improvement (Figure 5-48).

Figure 5-48: Fire department officer training programs

Atlanta	Charlotte	Phoenix
<ul style="list-style-type: none"> • No formal officer candidate school • General supervisor training following promotion • 32-36 hours per year • Courses include: <ul style="list-style-type: none"> - Firefighter administration - Strategy and tactics 	<ul style="list-style-type: none"> • Officer candidate school required for promotion to officer <ul style="list-style-type: none"> - OCS 1 for Captain (lieutenant equivalent) - OCS 2 for battalion chief • OCS is accredited, college based program run by Charlotte <ul style="list-style-type: none"> - OCS 1: 8 credit hours - OCS 2: 4 credit hours • Courses include: <ul style="list-style-type: none"> - Fire management for new officers - Principles of management - Firefighting strategy - Principles of supervision 	<ul style="list-style-type: none"> • Officer candidate training recommended for promotion to officer <ul style="list-style-type: none"> - Engineer move-up - Captain move-up - Battalion Chief move-up (starting in Sept 2002) • Training requirements <ul style="list-style-type: none"> - Engineer: 40 hours - Captain: 60 hours - Battalion Chief: 60 hours • Courses include: <ul style="list-style-type: none"> - Company officer functions - Firefighting tactics - Fire department budgeting - Principles of labor management

Bain analysis / research

For the two new technologies, the AFD trails best-in-class fire departments in deployment (Figure 5-49).

Figure 5-49: Use of technology

	Mobile Data Units	Thermal Imaging Cameras
Atlanta's current state:	<ul style="list-style-type: none"> • Constant radio communication with trucks • No mobile data units in vehicles 	<ul style="list-style-type: none"> • Cameras deployed with a few trucks • Camera-equipped fire truck dispatched, if necessary
Best-in-class:	<ul style="list-style-type: none"> • Mobile data units in each vehicle to facilities incident management and provide building plans and other documentation • Each officer has a wireless (PDA) data unit 	<ul style="list-style-type: none"> • At least one camera per truck
Bain analysis / research		

Similar to the challenges faced by the APD and AFD, Corrections must continue to upgrade its operations. Figure 5-50 describes a plan to do so.

Figure 5-50: Corrections operational upgrades

Critical priority: Corrections operational upgrades		Owner(s): Chief Pocock									
Current status: In process		End date: January 2003									
Workplan (major action steps): <ul style="list-style-type: none"> • Issue institutional food service RFP and select vendor in partnership with Fulton County Sheriff's Department (FCSD); identify required budget funding • Design, fund and implement expanded inmate medical services program • Implement improved report retrieval process in partnership with Atlanta Police Department (APD) • Develop and initiate in-service training plan; identify budget funding source 		Key milestones (including dates): <ul style="list-style-type: none"> • Develop records retrieval and training action plans (September 2002) • Select food service vendor and award contract (December 2002) • Complete implementation of records retrieval and training action plans (January 2003) 									
Percent of incremental turnaround effort: <table> <tr> <td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr> <tr> <td>2%</td><td>2%</td><td>0%</td><td>0%</td></tr> </table>		2002	2003	2004	2005	2%	2%	0%	0%	Critical issues and dependencies: <ul style="list-style-type: none"> • Coordinate shared services with FCSD • Coordinate records improvements with APD • Coordinate upgrades with 2003 budget and CIP 	
2002	2003	2004	2005								
2%	2%	0%	0%								

To ensure that it is well prepared in the event of a citywide emergency, the City of Atlanta has been developing a comprehensive plan. Figure 5-51 describes the process to build that plan.

Figure 5-51: Emergency management

Critical priority: Emergency management / homeland security	Owner(s): Jim Cook								
Current status: In process	End date: On-going								
Workplan (major action steps): <ul style="list-style-type: none">Obtain funding from MMRS for emergency medical equipment sustainment<ul style="list-style-type: none">Work with Mayor to obtain political support at federal and/or state levelHold sessions to train cabinet members about emergency response duties<ul style="list-style-type: none">Conduct initial executive level trainingConduct "table-top" sessions on quarterly basisCoordinate with FBI to train cabinet and emergency coordinators on homeland securityEncourage department heads to conduct functional exercises. Assist department in executionPlan and execute a full scale functional exercise with multiple departmentsCommunicate with APD and emergency coordinators to clarify role of Atlanta EOC vs Atlanta-Fulton EOC	Key milestones (including dates): <ul style="list-style-type: none">Complete initial cabinet member training (June 2002)Conduct FBI training with cabinet and emergency coordinators (August 2002)Conduct quarterly "table-top" training sessions (September 2002, December 2002)Conduct full scale functional exercise (December 2002)								
Percent of incremental turnaround effort: <table><tr><td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr><tr><td>5%</td><td>2%</td><td>2%</td><td>2%</td></tr></table>	2002	2003	2004	2005	5%	2%	2%	2%	Critical issues and dependencies:
2002	2003	2004	2005						
5%	2%	2%	2%						

Infrastructure

The City of Atlanta must update its sewer system to comply with federal and state guidelines and agreements. To make progress and monitor progress against that objective, a variety of activities (Figure 5-52) are necessary.

Figure 5-52: Sewer consent decree

Critical priority: Sewer consent decree	Owner(s): Greg Giomelli								
Current status: In process	End date: 2007 & 2014								
Workplan (major action steps): <ul style="list-style-type: none">Formalize an interdepartmental Consent Decree task force with reporting responsibilities to project headDevelop a monthly critical items report for the MayorReview recommendations from Clean Water CommitteeContinue community education programFinalize CSO design and initiate procurement processInitiate aggressive program to reduce SSO discharges and prevent finesDevelop plan to bring management and knowledge of Consent Decree planning internalComplete infrastructure development and fully implement a maintenance, operational, and management programSeek alternative sources of funding: Special Option Local Tax; Federal Grants; GA low-interest loans	Key milestones (including dates): <ul style="list-style-type: none">Management summary for Mayor (June 2002)Nancy Creek Tunnel construction (July 2002)Finalize CSO design and initiate procurement process (September 2002)Complete education program (January 2003)CSO consent decree completion (2007)SSO consent decree completion								
Percent of incremental turnaround effort: <table><tr><td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr><tr><td>5%</td><td>5%</td><td>5%</td><td>5%</td></tr></table>	2002	2003	2004	2005	5%	5%	5%	5%	Critical issues and dependencies:
2002	2003	2004	2005						
5%	5%	5%	5%						

Figure 5-53 describes the key elements of the City's consent decrees as they relate to sewer matters.

Figure 5-53: Atlanta sewer consent decrees

	Requirements	Major Penalties	Plan
Combined Sewer Overflow (CSO) Consent Decree	<ul style="list-style-type: none"> Bring all discharges from CSOs into federal and state compliance by November 2007 	<ul style="list-style-type: none"> Reporting or water quality violations: range from \$2,000 - \$8,000 per day Dry weather overflows: \$20,000-\$75,000 per month 	<ul style="list-style-type: none"> Treatment improvements in CSO facilities Separation of the combined system in less densely populated areas
First Amended Consent Decree	<ul style="list-style-type: none"> Detailed evaluation and improvements to the sewer system by November 2014 	<ul style="list-style-type: none"> Reporting or audit violations: range from \$2,000 - \$15,500 per day Missed final completion dates (3/1/03): \$1 million and no new sewer connections 	<ul style="list-style-type: none"> On-going sewer improvements Replacement of capacity limited sewer lines Capacity Certification Program for new development

The City of Atlanta has undertaken a significant effort to expand Hartsfield Airport. This effort will run through 2010. Plans for the first year of the effort are described on Figure 5-54.

Figure 5-54: Hartsfield expansion

Critical priority: Hartsfield expansion		Owner(s): Ben DeCosta Mario Diaz	
Current status: In progress		End date: 2010	
Workplan (2002 major action steps): <ul style="list-style-type: none"> Execute I-285 Bridge Structure contract (Sept 2002) <ul style="list-style-type: none"> Contract compliance must get FAA approval Obtain funding (\$200M) Obtain Environmental Assessment and Finding of No Significant Impact for CONRAC (May 2002) Obtain preferred alternative for CEELA from Airline Steering Committee (May 2002) <ul style="list-style-type: none"> Obtain funding to proceed Manage installation of Explosive Detection Equipment in CPTC (Dec 2002) <ul style="list-style-type: none"> Obtain funding 		Key milestones (including dates): <ul style="list-style-type: none"> See workplan (at left) for key dates 	
Percent of incremental turnaround effort: 2002 2003 2004 2005 5% 5% 5% 5%		Critical issues and dependencies: <ul style="list-style-type: none"> Must ensure successful underwriting of bonds for projects to proceed (I-285 Bridge contract, CEELA, Explosive Detection Equipment) Must ensure FONSI and EA for CONRAC to proceed 	

In addition to shoring up the financial condition of the City's Sanitary Services fund, plans must be put in place to dispose of the resulting solid waste (Figure 5-55).

Figure 5-55: Solid waste disposal

Critical priority: Solid waste disposal		Owner(s): Gary Cox	
Current status: In process		End date: 2004 – 2006 (est.)	
Workplan (major action steps): <ul style="list-style-type: none"> • Define short-term and long-term solid waste disposal needs • Appoint "blue ribbon" commission <ul style="list-style-type: none"> – Immediate needs – Long-term strategies – Alternative solutions and regional planning • Determine options in acquiring additional capacity or other disposal methods • Issue RFP's to qualified candidates • Negotiate contract with most qualified candidate • Secure bond financing • Build transfer and compaction stations • Contract with third party long-haul providers if landfill outside of Atlanta Metro area 		Key milestones (including dates): <ul style="list-style-type: none"> • Complete needs assessment and recommend approach (February 2003) • Begin bond funding processes (June 2003) • Begin transfer station construction (January 2004) 	
		Critical issues and dependencies: <ul style="list-style-type: none"> • Current estimates indicate landfill capacity runs out within three years • Sanitary Services Fund must be solvent to issue bonds • Requires coordination with "Real property asset management" priority to evaluate the possibilities of property exchanges in lieu of payment 	
Percent of incremental turnaround effort:			
2002	2003	2004	2005
5%	5%	0%	0%

A variety of efforts are underway to improve neighborhood infrastructure. Figure 5-56 describes these efforts.

Figure 5-56: Quality of life bonds and other funding

Critical priority: Quality of life bonds, CID bonds, and GDOT funds		Owner(s): Greg Giornelli	
Current status: In process		End date: TBD	
Workplan (major action steps): <ul style="list-style-type: none"> • Hire manager for construction programs • Complete project designs (where necessary) • Begin construction • Complete construction 		Key milestones (including dates): <ul style="list-style-type: none"> • Completion of all construction 	
		Critical issues and dependencies:	
Percent of incremental turnaround effort:			
2002	2003	2004	2005
2%	2%	0%	0%

Figure 5-57 describes the City's turnaround efforts as they relate to housing.

Figure 5-57: Housing

Critical priority: Housing		Owner(s): Greg Giornelli									
Current status: In process		End date: TBD									
Workplan (major action steps): <ul style="list-style-type: none"> • Receive report of Workforce Housing Task Force and assess recommendations • Determine requirements from City to meet plans based on report • Estimate cost of projects • Develop plans 		Key milestones (including dates): <ul style="list-style-type: none"> • Report from Workforce Housing Task Force (June 2002) • City of Atlanta evaluation of report (July 2002) 									
		Critical issues and dependencies:									
Percent of incremental turnaround effort: <table> <tr> <td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr> <tr> <td>2%</td><td>2%</td><td>2%</td><td>2%</td></tr> </table>		2002	2003	2004	2005	2%	2%	2%	2%		
2002	2003	2004	2005								
2%	2%	2%	2%								

Figure 5-58 describes the City's effort to support the development of a multi-modal transportation facility.

Figure 5-58: Multi-modal facility development

Critical priority: Multi-modal facility development		Owner(s): Michael Dobbins									
Current status: In process		End date: TBD									
Workplan (major action steps): <ul style="list-style-type: none"> • Determine Spring Street viaduct design modifications • Complete City funds transfer to GDOT • Execute City property transfer • Assemble balance of property • Build private sector partnership • Determine next phase work definition and management 		Key milestones (including dates): <ul style="list-style-type: none"> • Complete contract for design modifications (August 2002) • Transfer funds (October 2002) • Transfer property (October 2002) • Define next phase (December 2002) 									
		Critical issues and dependencies: <ul style="list-style-type: none"> • Organizational complexity • Financial complexity • Technical complexity • Cultural complexity • Political complexity 									
Percent of incremental turnaround effort: <table> <tr> <td>2002</td><td>2003</td><td>2004</td><td>2005</td></tr> <tr> <td>2%</td><td>2%</td><td>2%</td><td>2%</td></tr> </table>		2002	2003	2004	2005	2%	2%	2%	2%		
2002	2003	2004	2005								
2%	2%	2%	2%								

Starting after 2002

The following subsection includes those critical priorities that will be started after 2002. The action plans for these priorities are currently described in less detail and will be further developed as available resources are identified.

Financial stability

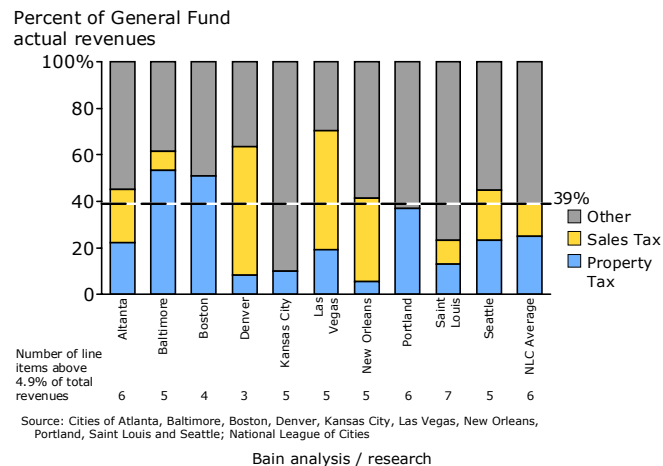
To ensure its future financial stability, the City of Atlanta must ensure that it has the correct revenue base to support the requirements placed on the city. Figure 5-59 describes a process to verify that the City's future obligations can be met through a stable, fair tax and fee base.

Figure 5-59: Revenue optimization

Critical priority: Revenue optimization	Owner(s): Rick Anderson
Current status: Not started	End date: TBD
Workplan (major action steps): <ul style="list-style-type: none"> • Identify weaknesses/strengths of current revenue mix • Analyze comparable cities and identify optimal revenue mix • Identify ideas for new revenue sources and research their legal/other plausibility for Atlanta • Develop target list of new revenue sources and quantify • Begin developing legislative strategy for each high potential revenue idea (as needed) • Continue legislative process • Implement if/when item passes legislature 	

Looking only at two key revenue sources, Atlanta's mix is similar to that of other comparable cities (Figure 5-60).

Figure 5-60: Comparative dependency on property and sales tax



The City's future depends on its ability to encourage economic development. Figure 5-61 describes the process to determine what actions the City should undertake in this area.

Figure 5-61: Economic development

Critical priority: Economic development	Owner(s): Greg Giornelli
Current status: Not started	End date: TBD
Workplan (major action steps): <ul style="list-style-type: none"> • Assess economic development of other municipalities • Identify economic development organizations in Atlanta • Determine appropriate role for City of Atlanta given above • If required, develop organization 	

Efficiency and effectiveness

The City may be performing some services that would be better provided by other organizations. Figure 5-62 describes a process to consider these areas.

Figure 5-62: Service choices

Critical priority: Service choices	Owner(s): TBD
Current status: Not started	End date: TBD
Workplan (major action steps): <ul style="list-style-type: none"> • Form taskforce including government and community leaders • Create inventory of city services • Review against services provided by other entities and against city charter • Develop recommendations by service 	

An additional method to improve the efficiency of the City would be to join forces with surrounding municipal and county entities to provide common services to all citizens. Figure 5-63 describes the process to determine what, if any, consolidation would be most valuable. It should be noted that consolidation is being pursued opportunistically in 2002. For example,

corrections is considering a common agreement with Fulton County for the provision of food services.

Figure 5-63: Service consolidation

Critical priority: Service consolidation	Owner(s): TBD
Current status: Not started	End date: TBD
Workplan (major action steps): <ul style="list-style-type: none"> • Pursue opportunistically in 2002 • Assess priority and vision for consolidation in political agenda (coordination vs. functional vs. structural) • Hold initial discussions with county / municipal managers to assess feasibility (coordination vs. functional vs. structural) • Hold initial discussions with Atlanta department heads (cooperation and functional consolidation) • Appoint / obtain legislation to appoint committee to study feasibility • Introduce legislation to Atlanta and other government councils (cooperation and functional) • Obtain sponsorship for state legislation (structural) 	

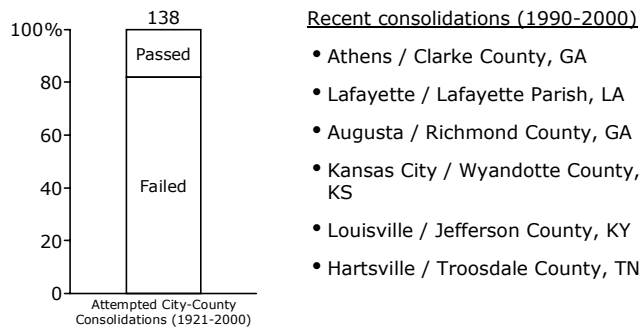
There are multiple forms of consolidation, as seen in Figure 5-64.

Figure 5-64: Forms of consolidation

	Structural consolidation	Comprehensive consolidation	Functional consolidation	Coordination
Description:	<ul style="list-style-type: none"> • Municipalities agree to completely merge • New government formed 	<ul style="list-style-type: none"> • Governments merge multiple departments • Combined services are "swapped" between governments 	<ul style="list-style-type: none"> • Governments merge entire department • One entity takes over combined function 	<ul style="list-style-type: none"> • Governments cooperate on projects - Contract with the other for services - Share centralized facilities
Who is doing it:	<ul style="list-style-type: none"> • Very rare 	<ul style="list-style-type: none"> • Rare 	<ul style="list-style-type: none"> • Less common • Smaller municipalities for public safety functions 	<ul style="list-style-type: none"> • Common across governments
Examples:	<ul style="list-style-type: none"> • Louisville • Kansas City – Wyandotte, Kansas 	<ul style="list-style-type: none"> • Charlotte – Mecklenburg • Pittsburgh – Allegheny 	<ul style="list-style-type: none"> • Sarasota / Sarasota County, FL – fire departments 	<ul style="list-style-type: none"> • Atlanta provides water services to Fulton
Bain analysis / research				

Structural consolidation is difficult to achieve. Figure 5-65 shows the percentage of structural consolidations that failed or passed the various governmental hurdles.

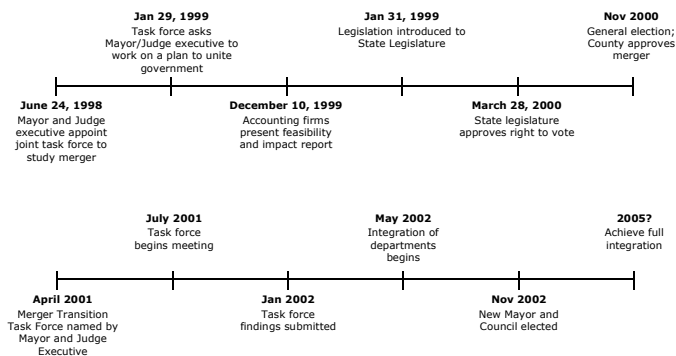
Figure 5-65: Success of structural consolidations



Source: National Association of Counties Bain analysis / research

Louisville is in the midst of a consolidation with a seven-year timeline (Figure 5-66).

Figure 5-66: Timing of Louisville consolidation



Bain analysis / research

Charlotte has undertaken a multi-year consolidation with Mecklenburg County (Figure 5-67). This falls into the realm of comprehensive consolidation.

Figure 5-67: Charlotte consolidation overview

Service	City	County	Year
• Water and sewer	✓		1972
• Building inspection		✓	1982
• Animal control	✓		1982
• Elections		✓	1982
• Purchasing	✓		1982
• Tax administration		✓	1982
• Communications	✓	✓	1982
• Planning and zoning	✓		1984
• Solid waste	✓		1984
• City-county government center	✓	✓	1985
• Parks and recreation		✓	1988
• Police	✓		1993
• Storm water	✓	✓	1993

Bain analysis / research

Functional consolidation has most often been undertaken on public safety services. Figure 5-68 describes one example.

Figure 5-68: Combination of Sarasota and Sarasota County fire and EMS

- Description:
 - Sarasota and Sarasota County fire departments merged
 - Sarasota County now delivers service
- Process:
 - Early 90's: service costs began to increase while response times suffered
 - City and County Councils appointed commission to study consolidation (Jan 1995)
 - Committee recommended consolidation
 - Joint council vote approved merger (October 1995)
 - Forces joined January 1, 1996
 - Consolidation complete by mid-1996
- Results:
 - Achieved \$2M reduction (10%) in total budget
 - Increased ISO rating from 7 to 3
 - Reduced number of chiefs from 18 to 4

Bain analysis / research

Functional consolidation often provides to improved access through economies of scale (Figure 5-69).

Figure 5-69: Coordination allows access to economies of scale

<u>Entities</u>	<u>Example</u>
• Johnson County, KS and Olathe County, KS	• Olathe County has contracted use of Johnson County's waste water treatment
• Kansas City, KS and Independence, KS	• Each city has a crime lab; each entity can use the other's, depending on availability
• Olathe, Overland Park and Lenexa, KS	• Share costs of maintenance and plowing on contiguous roads

Source: Fiscal Impacts of Interlocal Service Agreements
Bain analysis / research

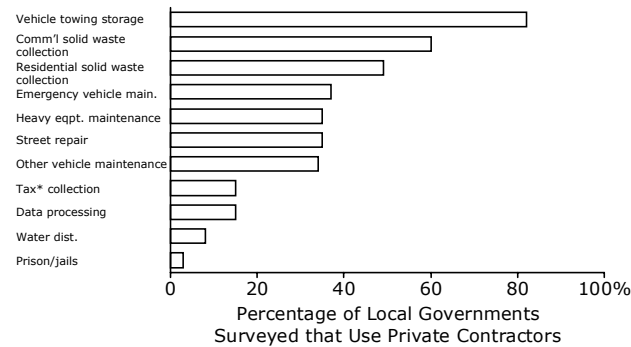
Another approach used by some cities to improve both efficiency and effectiveness has been marketization. This term describes the process whereby traditional government services are bid on by both private firms and the existing government department or organization. An evaluation of the proposed offerings is made, and a contract is awarded to provide the service to the municipality. Figure 5-70 describes the process that the City of Atlanta may use regarding marketization. Again, marketization is being pursued opportunistically in 2002.

Figure 5-70: Marketization

Critical priority: Marketization	Owner(s): TBD
Current status: Not started	End date: TBD
Workplan (major action steps): <ul style="list-style-type: none"> • Pursue opportunistically in 2002 • Create a taskforce to review and recommend services to be up for bid • Construct a detailed workplan and timeline • Interview other "successful" marketized cities • Brainstorm and identify feasible services to be considered for marketization • Develop screening criteria for services • Develop multiple scenarios on how to manage the process and select most attractive (dividing city into zones, displaced personnel, current contracts, etc.) • Deliver recommendations (Mayor, City Council) • Develop a communication plan & communicate to employees & the public • Submit a RFP for a pilot study • Implement pilot study • Revisit and re-evaluate 	

The use of marketization varies across governmental functions (Figure 5-71).

Figure 5-71: Use of marketization



*Delinquent tax collection
 Note: Some services not applicable to all surveyed cities
 Source: "Cities and Privatization: Prospects for the New Century" by Jeffrey Greene, 2001; ICMA Alternative Service Delivery Approaches Survey data from 1997, n=1586 (survey conducted every 5 years)

Bain analysis / research

Savings from marketization vary but can be significant (Figure 5-72).

Figure 5-72: Estimated savings of marketization

	Upper bound
Residential Waste Collection	60%
Fleet Mgmt. & Maintenance	38%
Information Systems	20%
Airport Mgmt. & Operations	40%
Fire Services	50%
Golf Courses*	400%
Rec. Facilities Mgmt. & Operation	52%
Park Landscaping & Maintenance	28%
Policing Services (non-sworn)	30%
Road Maintenance	50%
Wastewater Treatment	30%
Water (distribution)	25%

*Revenue increases
 Source: Reason Public Policy Institute

Bain analysis / research

Indianapolis, Charlotte and Phoenix have been among the leaders in marketization (Figure 5-73).

Figure 5-73: Marketization success stories

City	Impetus for marketization	Services marketized	Savings
• Indianapolis	• Mayor's platform called for privatization	• 70 services	• \$230M ('92-'00)
• Charlotte	• Findings from Mayor's task forces • Increase in demand for & cost of service, but not wanting to increase property tax rates	• 10 awarded to private companies out of the 45 services up for bid (since 1994)	• \$6.7M annual savings, + \$4.4M other measures
• Phoenix	• Severe economic conditions (high inflation rates, legislation limiting government spending, rapid population growth)	• 34 services awarded to private companies out of the 56 services up for bid ('79-'95)	• \$27M+ ('79-'95)

Source: Literature reviews; "The Twenty-First Century City" by Stephen Goldsmith; Alliance for Redesigning Government

Bain analysis / research

Figure 5-74 highlights some of the reasons that marketization efforts fail, based on some specific examples in other municipalities.

Figure 5-74: Marketization failures

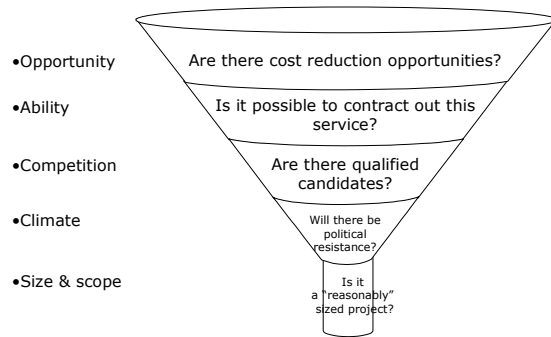
City	Service	Root cause of failure
• Moore, OK	• Public Works Dept.	• Size of contract made it <u>difficult to monitor service levels</u> and quality • Stated minimum service levels, but over time citizens demanded more – yet the city was unable to change the contract
• Campbell, CA	• Park maintenance	• <u>High monitoring cost</u> – too much time and resources spent on handling complaints (dealing with residents, visiting park, contacting contractor, revisiting park)
• Lubbock, TX	• Residential trash collection	• <u>Unable to make profit</u> because weight of trash collected was greater than anticipated

Source: Interviews; "Cities and Privatization: Prospects for the New Century" by Jeffrey Greene, 2001

Bain analysis / research

Figure 5-75 describes the approach / set of questions the City of Indianapolis used to consider areas for marketization.

Figure 5-75: Sequencing framework



Source: *The 21st Century City, Resurrecting Urban America* by Mayor Stephen Goldsmith, 1999

Bain analysis / research

Another important mechanism to improve efficiency and effectiveness is organization (Figure 5-76).

Figure 5-76: Departmental reorganization, communication and accountability

Critical priority: Departmental reorganization, communication and accountability	Owner(s): TBD
Current status: Not started	End date: TBD
<p>Workplan (major action steps):</p> <ul style="list-style-type: none"> • Create departmental reporting structure (probably reporting to COO) • Create metrics and evaluative data to track department performance (part of budget process) • Create consistent communication processes with departments • Eliminate service duplications and clarify accountability <ul style="list-style-type: none"> - Assess current situation - Identify high priority areas for improvement - Combine / reorganize / eliminate departments where appropriate 	

No single structure appears optimal for city organization (Figure 5-77).

Figure 5-77: Little commonality of reporting structures

	Charlotte	Phoenix	San Diego	Portland	Indianapolis	Austin	Atlanta
Form of government	• Council/Manager	• Council/Manager	• Council/Manager	• Commission	• Strong Mayor	• Council/Mayor	• Strong Mayor
Number of direct reports to Mayor/Manager	• 14	• 5	• 2	• N/A	• 7	• 6	• 4
Number of departments	• 15	• 24	• 19	• 19	• 9	• 20	• 13
Government structure	• Flat	• Tiered	• Tiered	• Dispersed	• Tiered	• Tiered	• Flat

Bain analysis / research

Some cities have created departmental groups as part of their organization (Figure 5-78).

Figure 5-78: Departmental groupings

	Phoenix	Indianapolis	Austin
# of "groups":	• 6	• 6	• 5
Grouped under:	• Deputy city managers	• "Super" department head	• Assistant city managers
Rationale for grouping:	• Closer management • Greater accountability	• Improved coordination and communication • Joint accountability to mayor and council	• Improved coordination and communication
Example groupings:	• Groupings shuffle each year to expose deputy city managers to a variety of different departments	• Public Safety - Police - Fire - Emergency Mgmt. - Animal Control • Metropolitan Development - Financial Services - Planning - Neighborhood Development - Public Housing - Historic Preservation	• Economic Development - Aviation - Convention Center - Redevelopment Services - Water & Wastewater • Support Services - Financial Services - Human Resources - Law - Customer Service

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Beyond the organizational structure, efficiency and effectiveness are achieved through effective communications structures. Figure 5-79 describes the communications processes that Phoenix uses.

Figure 5-79: Example of effective communications (Phoenix)

High-Level Strategy	Day-to-day Operations	Citywide Communication
<ul style="list-style-type: none"> • Weekly cabinet meeting <ul style="list-style-type: none"> - Group meetings with executive management and department heads - Focuses on upcoming policy issues 	<ul style="list-style-type: none"> • Weekly Operations meetings <ul style="list-style-type: none"> - One-on-one or group meetings - Focuses on upcoming departmental issues and operations details • Weekly detailed department performance reports <ul style="list-style-type: none"> - Department heads provide weekly performance updates to city manager 	<ul style="list-style-type: none"> • Employee Communications Board <ul style="list-style-type: none"> - Bimonthly meeting with one member from each department - Focuses on communicating citywide issues to employees • Weekly citywide newsletter <ul style="list-style-type: none"> - Informs employees of critical information and general interest stories regarding city affairs - Available to all employees in a variety of formats • Intranet <ul style="list-style-type: none"> - Provides information to all employees with computer access - Includes citywide directory and other department-specific data
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Public safety

Making changes to one activity within public safety has impacts elsewhere. As department and agency modifications are made, these must be coordinated. Beginning in 2003, an effort to more fully accomplish this will be put in place.

Infrastructure

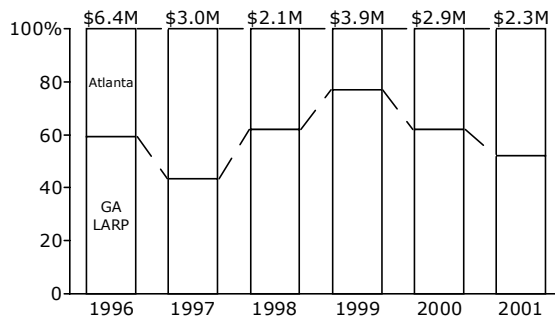
The City's roads and traffic systems are not being maintained at sufficient levels. Figure 5-80 describes a process to improve this level of maintenance.

Figure 5-80: Roads and traffic systems

Critical priority: Roads and traffic systems	Owner(s): John Griffin and David Peters
Current status: TBD	End date: TBD
Workplan (major action steps): <ul style="list-style-type: none"> • Perform a condition survey of entire road network to identify roads in need of critical repair • Determine level of investment necessary to maintain roads at acceptable standards • Identify methods to provide adequate funding of routine street maintenance on an annual basis • Identify and quantify necessary repairs to traffic loops for signal systems • Identify sources of federal funds for road and signal repair 	

Much of the City's current funding for road maintenance comes from the state (Figure 5-81).

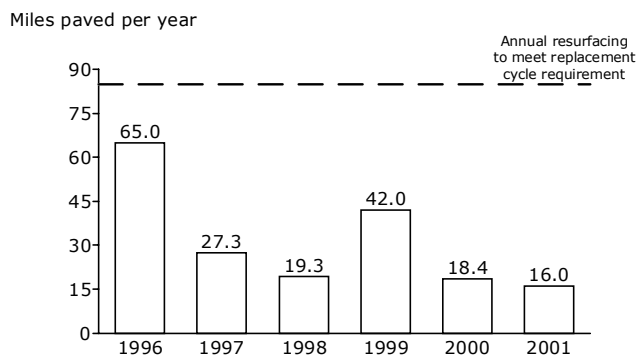
Figure 5-81: Sources of Atlanta road maintenance funds



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Figure 5-82 describes the need for maintenance.

Figure 5-82: Reinvestment in roads



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Four additional areas of infrastructure require review and plan development. First, different funding sources and infrastructure may be necessary for the City to deal with stormwater run-off. Second, the City trails other municipalities in available parkland. A comprehensive plan is needed in this area. Third, the City's water system is in need of additional maintenance and repair. Funds and a program will be necessary to accomplish this. Finally, several areas of the City's IT infrastructure may need to be upgraded.

6. PROPOSED APPROACH TO MONITOR PROGRESS

Obviously, simply developing the TAP2002 plan is not sufficient for Atlanta to reach best-in-class managed status. The plan must be executed, and the following section suggests an approach to monitor progress against the plan.

A Steering Committee comprised of the Mayor, the Chief Operating Officer, the Chief Financial Officer and the Chief of Staff will be formed to oversee progress against the plan. This Steering Committee will receive monthly concise written reports including activities performed, results attained and any "roadblocks" identified. The Committee will then meet on a monthly basis with the leaders of each project to assess progress and take any necessary corrective action.

7. APPENDIX

Atlanta is not alone in experiencing financial difficulties this year, as there are a number of other large US cities facing budget shortfalls this year. These cities and their plan to address the deficits are summarized in Figure 7-1.

Figure 7-1: Cities with Projected 2002 Budget of Shortfalls

	<u>Estimated Shortfall</u>	<u>Percent</u>	<u>Proposed Initiatives</u>
Detroit	\$75M	2.3%	<ul style="list-style-type: none"> • Frozen hiring and pay raises • 5% reduction in Mayor & City Council salaries
New York	\$3-5 B	10%	<ul style="list-style-type: none"> • No tax increases • Eliminated a proposed \$200M tax cut • Early retirement and severance packages
Kansas City	\$54M	5.6%	<ul style="list-style-type: none"> • Program reductions • Reduction in general fund reserves • Elimination of vacant positions
Oakland	\$17M	4.5%	<ul style="list-style-type: none"> • Hiring freeze

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Furthermore, in developing the turnaround plan, Bain evaluated the turnaround plans of other major US cities that experienced financial crises. Two of the most prominent cities were Philadelphia and Miami. Summaries of the fiscal crisis they experienced, the key features of their turnaround plans, and the results of the plans are included in Figures 7-2 and 7-3.

Figure 7-2: Philadelphia turnaround plan

Timeframe:	1990 – 1994
Shortfall:	\$219M, 10% of Budget
Primary Causes:	<ul style="list-style-type: none"> • Growth in tax collections flat due to urban flight and the recession • Payroll cost rising "at double the rate of inflation" • Difficult labor relations
Proposed Remedies:	<ul style="list-style-type: none"> • State imposed Financial Oversight Agency to approve all budgets and borrow money on the city's behalf • Five-year budget planning with Oversight Agency approval • Issue debt to cover liquidity problems • Tax increases and union contract concessions • Creation of a loan fund for agencies to fund operational improvements to repaid over five years from cost savings
Results:	<ul style="list-style-type: none"> • FY93 ended with no budget deficit; FY94 had an operating surplus • Improved bond ratings from junk bond status in 1995 • Proposed a 7% wage tax cut in over the next five years

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Figure 7-3: Miami turnaround plan

Timeframe:	1996 – 2001
Initial Shortfall:	\$68M, 25% of Budget
Primary Causes:	<ul style="list-style-type: none">• Using bond proceeds for operating purposes• Inadequate financial reporting and control• Overly optimistic revenue projections
Proposed Remedies:	<ul style="list-style-type: none">• State mandated Financial Oversight Board• Spending and service cuts; wage freezes; increased taxes and fees• Set up a contingency reserve; required that 60% of recurring deficit be met with recurring solutions• Implemented \$500 fines to department heads for exceeding budgets without approval• Began developing annual five-year budget plans
Results:	<ul style="list-style-type: none">• Struggled to produce balanced budgets over the next three years• Bond rating raised to investment grade in 2001• Financial Oversight Board dissolved in 2001• Finished 2001 with \$87M in cash reserves
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Bain has extensive non-profit and government experience, and Bain's offices worldwide have long worked to strengthen their communities. Bain has provided pro bono strategy consulting services to many non-profit organizations including Boston's City Year, the John G. Shedd Aquarium in Chicago and the New York Partnership Project assessing the effects of September 11th on the non-profit and manufacturing sectors.

For more information, visit www.bain.com or call Peter Aman, Vice President, at (404) 869-2208.